

THE VALE OF GLAMORGAN COUNCIL

COUNCIL: 27TH FEBRUARY, 2019

REFERENCE FROM CABINET: 18TH FEBRUARY, 2019

C582 CAPITAL STRATEGY 2019/20 AND FINAL CAPITAL PROPOSALS 2019/20 TO 2023/24 (L) (CORPORATE PERFORMANCE AND RESOURCES SCRUTINY COMMITTEE) –

Approval was sought for the final Capital Programme proposals for the financial year 2019/20 to 2023/24.

Capital Strategy

The Local Government Act 2003 set out a framework for the financing of capital investments in Local Authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a professional code of practice to support Local Authorities' decision making in the areas of capital investment and financing. Authorities were required by regulation to have regard to the Prudential Code.

CIPFA released an updated version of the Prudential Code in December 2017. The revised code included a new requirement for Authorities to produce a Capital Strategy. To comply with the new requirements, a Capital Strategy had been produced for 2019/20 and was attached at Appendix 1 to the report. The Strategy would also be submitted to Full Council for approval.

The Capital Strategy provided a framework which outlined how capital expenditure, capital financing and treasury management activity contributed to the provision of corporate objectives, along with an overview of how associated risk was managed and the implications for future financial sustainability. It therefore outlined the Council's need to acquire, dispose or enhance assets such as land, buildings, roads, vehicles and plant to provide sustainable service provision to support its objectives. As resources available to meet the capital requirements of the Council were limited, the Strategy explained how priorities were set and outlined the sources of funding available, including the level of borrowing it would need and could afford to undertake and its investment strategy.

Capital Programme

The Council had produced a detailed five year Capital Programme, with the proposed Programme for 2019/20 to 2023/24 being included in Appendix 2 to the report.

The Initial Capital Programme Proposals 2019/20 to 2023/24 were presented to Cabinet on 19th November, 2018, Minute No. C482. They were subsequently referred to Scrutiny Committees in December 2018.

In responding to the Initial Capital Programme Proposals, the following recommendations in relation to the Initial Proposals were made by Scrutiny Committees.

- Scrutiny Committee (Healthy Living and Social Care) – 4th December, 2018 – Minute No. 533

(2) T H A T the Initial Capital Proposals for 2019/20 be agreed.

- Scrutiny Committee (Homes and Safer Communities) – 5th December, 2018 – Minute No. 546

(2) T H A T the Initial Capital Proposals for 2019/20 be noted and that the Committee's comments be referred to the Corporate Performance and Resources Scrutiny Committee.

The comments made referred to the 2018/19 Capital Programme.

- Scrutiny Committee (Environment and Regeneration) – 6th December, 2018 – Minute No. 569 :

(1) T H A T the Corporate Performance and Resources Scrutiny Committee pass on to Cabinet the Committee's recommendation that additional funding should be allocated for capital bid E1 Carriageway Resurfacing/ Surface Treatments, with extra investment to come from the Council's General Reserve.

(2) T H A T the Corporate Performance and Resources Scrutiny Committee be requested to consider a future report outlining the use of Council Capital Receipts and the land/property portfolio held by the Council, with consideration of how the Council's assets could be used.

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(2) T H A T Cabinet be requested to consider that if there was any additional funding forthcoming for asset renewal in schools, that the aspect of dignity and privacy for pupils be considered.

The recommendations of Scrutiny Committees were referred to the Corporate Performance and Resources Scrutiny Committee, which is the lead Scrutiny Committee for the budget. On 13th December, 2018 that Committee supported the recommendations of the other Scrutiny Committees and referred their recommendations to Cabinet , Minute No. 602.

Corporate Performance and Resources Committee's recommendations were referred to Cabinet on 21st January, 2019, Minute No. C551.

RESOLVED – T H A T the contents of the report be noted and passed to the Budget Working Group for consideration in concluding the budget proposals for 2019/20.

The Budget Working Group (BWG) had had consideration for the recommendations of the Scrutiny Committees when preparing the 2019/20 Capital Programme.

Capital Strategy

The Capital Strategy looked at a longer term view of the Council's capital investment requirements. It was acknowledged that this was the first year that the Capital Strategy had been produced in this format therefore it would be updated annually and will evolve over future years.

There were a number of factors that would influence the Council's priority areas of spend and its future capital investment. The Capital Strategy outlined the various Council strategies which identified the priority areas for capital investment and the external factors that resulted in the need to incur capital expenditure.

It was difficult to predict capital resources over a long term period as the level of general capital funding provided by Welsh Government (WG) was usually advised on a year by year basis and their priority areas of spend, which they influenced by the provision of specific grants, would change over a period of time. Capital receipts were difficult to predict as while the Council would strive to maximise receipts where possible, the uncertainty in the current economic climate, particularly with regard to Britain's exit from the European Union had an impact on developers.

An initial assessment however had been undertaken to identify the possible requirements for capital investment over a longer period of 10 years and also the potential funding that was available to finance such work. The funding gap could be in the region of £11m over the period. This data would be reviewed and updated on an annual basis to provide a basis for future capital strategies.

Unsupported borrowing could be an option to bridge any funding gap however a full financial appraisal would need to be undertaken to ensure that the financial consequences were affordable and sustainable.

The Strategy confirmed the importance of ensuring the efficient, effective and sustainable use of land and buildings to deliver fit for purpose property to support the Council's service delivery.

The Council appetite for risk needed to be discussed as part of the Strategy. This Council had always been prudent with regard to its borrowing and did not take risk when investing as the Treasury Management Strategy only allowed for investments to be placed with the Debt Management Office (DMO) or other Local Authorities.

As part of the Strategy, confirmation of any material commercial activities needed to be detailed. This Council did not have any material commercial activities.

In considering this Strategy the Council would need to undertake a number of actions in order to make the most of potential funding and to meet the requirement to invest in assets. These were detailed in Section 10 of the Strategy.

Capital Resources Available

On 20th December, 2018, WG announced the final 2019/20 General Capital funding (GCF) settlement which was £6.643m, being made up of £3.23m grant and £3.413m of supported borrowing. This was an increase of £1.138m from the 2018/19 funding of £5.505m and an increase of £1.1m from the provisional figure provided in October 2018.

The Cabinet Secretary for Finance announced on 20th November, 2018 in the Draft Budget for 2019/20, proposals for an extra £100m of capital funding to be made available for Local Authorities over three years. The first instalment of £50m was to be paid in 2018/19, with £30m being paid in 2019/20 and £20m in 2020/21. The 2018/19 allocation of £1.927m would be paid to the Council during February 2019 and WG had advised that this sum could be carried forward into the next financial year through reserves. The 2019/20 allocation had been included in the Final Settlement and was the reason for the increase from the Provisional Settlement. This additional funding had been factored into projections going forward, however as no further indication had been received from WG, it had been assumed that from 2021/22 onwards, the level of capital funding would revert back to the same level as set out in the 2018/19 Provisional Settlement and would then remain constant for the remainder of the period of this programme.

On this basis, the following table represented the capital funding from WG assumed as part of the five year programme.

WG Funding	19/20	20/21	21/22	22/23	23/24
	£000	£000	£000	£000	£000
Supported Borrowing	3,413	3,413	3,413	3,413	3,413
General Capital Grant	3,230	2,846	2,077	2,077	2,077
TOTAL	6,643	6,259	5,490	5,490	5,490

Another means of financing capital expenditure was through capital receipts resulting from the sale of assets. Receipts from the sale of Housing Revenue Account (HRA) assets could only be spent in the HRA and could not be used to finance General Fund capital schemes. Further details were contained in Section 3 of the Capital Strategy.

Projected use and income generated from the sale of assets for the next five years is shown in the following table.

Capital Receipts	General	Ring-fenced Social Services	Ring-fenced Education
	£000	£000	£000
Projected Balance as at 31 st March 2019	4,756	1,339	5,234
Anticipated Requirements – 2019/20	-1,610	0	0
Anticipated Receipts – 2019/20	0	0	639
Balance as at 31 st March 2020	3,146	1,339	5,873
Anticipated Requirements – 2020/21	0	-1,339	-7,967
Anticipated Receipts – 2020/21	0	0	2,096
Balance as at 31 st March 2021	3,146	0	2
Anticipated Requirements – 2021/22	0	0	-1,470
Anticipated Receipts – 2021/22	0	0	1,519
Balance as at 31 st March 2022	3,146	0	51
Anticipated Requirements – 2022/23	0	0	-49
Anticipated Receipts – 2022/23	0	0	0
Balance as at 31 st March 2023	3,146	0	2
Anticipated Requirements – 2023/24	0	0	-1,211
Anticipated Receipts – 2023/24	0	0	1,243
Balance as at 31 st March 2024	3,146	0	34

Capital expenditure could also be funded by revenue contributions or the utilisation of existing reserves. Schemes were also included in the programme that had funding under Section 106 planning obligations.

Outside of the above, the Council was heavily dependent on specific grant funding to supplement its own resources if certain capital schemes were to be progressed. It was estimated that over the next five years, the level of specific grant funding for General Fund Capital Schemes was approximately £103.182m which was around £73.810m more than the level of General Capital Funding for the same period (£29.372m). The £103.182m grant funding was made up of £93.831m Band B 21st Century Schools grant, £0.350m Flood Defence and Structures grants, £0.227m ICF grant, £0.749m Highways Refurbishment grant and £8.025m Five Mile Lane Improvement grant.

The Council was also able to borrow to finance capital expenditure. This could be supported where funding was received from WG to fund the cost of borrowing or unsupported where the Council had to finance the full cost of the debt. When

considering options for capital financing, the ability of the Council to finance the repayment of any loan it raised for the funding of capital schemes must be evaluated. Section 3 of the Capital Strategy provided further detail regarding borrowing and Section 5 provided information and indicators regarding the Council's level of borrowing.

Capital Programme 2019/20 to 2023/24

The 2019/20 to 2023/24 Capital Proposals had been set in accordance with the principals of the Capital Strategy. Clearly, limited resources would allow only those schemes of highest corporate priority and/or risk to be pursued. Section 4 of the Capital Strategy set out the process for prioritising capital bids.

The initial capital proposals advised that while the evaluation process had been carried out for 2019/20 in the normal manner, the difference between the GCF previously projected for 2019/20, when the five year programme was set for 2018/19, compared to the actual GCF for 2019/20 was an increase of £259k. At that time, no specific schemes were put forward for inclusion in the Capital Programme. As part of the final capital settlement from WG additional capital funding was made available and it was proposed that new schemes be now included in the Capital Programme. While capital bids had been received with a value of £5.096m for 2019/20, funding had been allocated to bids where the scheme priority rating had been scored as A and the Risk Assessment score was High or Medium/High.

The bids that had been proposed for inclusion in the 2019/20 Capital Programme are set out below.

Scheme	£000	Need
Carriageway Resurfacing	300	To support rolling programme of road improvement
Civic Offices Toilet Refurbishment	150	Existing toilets are not DDA compliant and are in a bad state of repair. The central toilets are located over the electrical switchroom and there is a risk that any leaks could flow into this room
Civic Offices Electric Schemes	70 40	Non-Essential Switchboard Upgrade - Equipment is over 20 years old and spare parts are no longer available. Faults could lead to power cuts in the Civic Offices. There would be back up generators for IT servers and 1 lift Switchgear By-pass Switch Upgrade- The essential electrical

		switchboard cannot be tested without isolating the IT servers which is problematic. Equipment is now 10 years old and in need of testing
Vale Enterprise Centre Windows	100	The original steel windows need to be replaced with UPVC double glazed units in order to meet the legal minimum energy standard to be let to new business tenants
J Sub Repair	25	The J-Sub is owned and maintained by the Council. It houses a distribution panel and meters for the supply of electricity to Barry Town Station and the former EWS depot. Urgent action is required to make the building weatherproof and secure

It had also been considered that while the bid for Replacement Playgrounds did not obtain a high score in all factors, it scored highly under the Well Being of Future Generations and it was proposed that £150k be included in the Capital Programme for 2019/20.

Since the Initial Capital Programme Proposals were prepared, the lights at Jenner Park had failed and need to be replaced. It was proposed that £125k be included in 2019/20 for their replacement. Also additional work had been identified at Eastern Shelter, Barry Island and £90k had been included in the Capital Programme for 2019/20. Both these schemes contributed to the Council's corporate priorities and the Well-Being of Future Generations.

As noted earlier, the Environment and Regeneration Scrutiny Committee recommended further investment in highways. As shown in the table above, the Budget Working Group proposed that an additional £300k be included in the 2019/20 Capital Programme to bring the Council's contribution towards highway improvements in 2019/20 to £1m. When the WG grant for 2018/19 and 2019/20 was added to the Council's funding this would bring the total road and pavement resurfacing works budget next year to £2.507m.

Unlike previous years, the Initial Capital Proposals advised that the Asset Renewal budgets for each Directorate would be reviewed and schemes would be identified prior to the approval of the Final Capital proposals for 2019/20 to ensure that funding is allocated to priority schemes. A full breakdown of the Asset Renewal budgets was now included in the 2019/20 Capital Programme.

WG had advised that the £1.927m additional grant allocated for 2018/19 could be carried forward into the next financial year through reserves. It was proposed that as it was very late in the budget setting process this additional funding be transferred

into a specific reserve and consideration for its allocation be made early in the new financial year. One of the potential uses of this funding would be to purchase the necessary car parking meters to support the implementation of the Council's Parking Strategy. Commitments would be finalised and included in the Capital Programme once the Strategy was approved.

Potential funding for 2020/21 onwards which had not been allocated to specific schemes was being shown under the All Services Asset Renewal heading.

Schools Investment Programme

The Schools Investment Programme was a priority programme of investment in the future of the Vale of Glamorgan's schools and further background was contained in Section 2 of the Capital Strategy.

In late November 2018, WG advised that the intervention rate for the 21st Century Schools Programme for non-faith school schemes would increase from 50% to 65%. A new intervention rate was introduced for facilities for those pupils with additional learning needs (ALN) and those in pupil referral units (PRU) at 75% Welsh Government funding. The St. Richards / St. Helen scheme would now be a Band C scheme and the options of financing the scheme as a Mutual Investment Model (MIM) were being considered.

As a result of this change, Cabinet on 7th January, 2019 approved a revised programme of works. The total of the revised Band B programme was £143.792m of which £3.079m was being funded in 2018/19. The breakdown of Band B schemes for 2019/20 to 2023/24 is shown in the following table.

Band B Schemes	£000
Whitmore High School	29,296
Pencoedtre High School	33,993
Centre for Learning and Wellbeing	4,263
Ysgol Gymraeg Bro Morgannwg	20,423
Barry Waterfront	7,394
Primary Provision in the Western Vale	4,166
Cowbridge Primary Provision	9,847
St David's Primary School	4,181
St Nicholas	4,185
Ysgol Y Deri	11,000
Primary Provision in Penarth	9,239
Review Nursery Provision	2,726
TOTAL	140,713

The change in the intervention rate had resulted in a reduction in the funding to be provided by the Council. Part of the funding for the programme was via unsupported borrowing. This means of funding had a financial cost and therefore it was preferable to minimise the level of unsupported borrowing. The funding of the programme had therefore been reassessed to reduce unsupported borrowing to the

minimum level possible. The revised funding for this programme is shown in the following table.

Band B Schemes	£000
WG Grant	93,831
S106	17,191
Borrowing Pending Capital Receipts	176
Repay Borrowing Pending Capital Receipts	-176
Capital Receipts	10,697
General Capital Funding	5,178
Reserves and Revenue Contribution	12,857
Prudential Borrowing	959
TOTAL	140,713

Housing Improvement Programme

The Council achieved Welsh Housing Quality Standard (WHQS) at the end of March 2018. The Final Capital Programme Proposals therefore reflected the level of works required to maintain WHQS and the Council's aspirations as part of the Housing Asset Management Plan, which included the building of new houses. Further details were contained in section 2 of the Capital Strategy.

WG required all Local Authorities who retained their housing stock to submit an acceptable Housing Business Plan annually that incorporated a detailed financial forecast in the form of a 30 year financial model. The Business Plan was the primary tool for a Local Authority's housing landlord service to ensure that its financial plans were sustainable and affordable.

The Plan would form the basis of the Major Repairs Allowance (MRA) grant application, which was a pivotal financing component for the Housing Improvement Programme. The MRA for 2019/20 had not yet been announced by WG but the assumed level of grant in Appendix 2 to the report remained at £2.759m per annum which was the sum received in 2018/19.

The sources of funding to be used to finance HRA expenditure in 2019/20 to 2023/24 are detailed in the table below.

Funding	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Revenue/Reserves	5,846	5,268	5,691	7,073	6,650
MRA Grant	2,759	2,759	2,759	2,759	2,759
Unsupported Borrowing	9,293	10,653	11,094	1,698	0
Section 106	0	1,300	0	0	0
Total Budget	17,898	19,980	19,544	11,530	9,409

This was a matter for Executive and Council decision.

Cabinet, having considered the report and all the issues and implications contained therein

RESOLVED –

That Cabinet recommends to Council the following:

- (1) T H A T the Capital Strategy 2019/20 as set out in Appendix 1 to the report be approved.
- (2) T H A T the final Capital Programme for the years 2019/20 to 2023/24 as set out in Appendix 2 be approved.
- (3) T H A T the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, be given delegated authority to make additions, deletions or transfers to or from the 2019/20 to 2023/24 Housing Improvement Programme as appropriate.
- (4) T H A T the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, be given delegated authority to make additions, deletions or transfers to or from the 2019/20 to 2023/24 Asset Renewal budgets as appropriate.
- (5) T H A T the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, be given delegated authority to make additions, deletions or transfers to S106 funded schemes subject to Member consultation as required under the existing process.
- (6) T H A T the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, be given delegated authority to make additions, deletions or transfers to or from the 2019/20 Energy Conservation Refit budget as appropriate.

Reasons for decisions

- (1) To approve the Capital Strategy for 2019/20.
- (2) To set and approve future capital programmes to 2023/24.
- (3) To enable the Housing Capital budget to be managed effectively.
- (4) To enable the Asset Renewal budgets to be managed effectively.
- (5) To enable S106 schemes to be managed effectively.
- (6) To enable the Energy Conservation Refit budget to be managed effectively.

Name of Committee:	Cabinet
Date of Meeting:	18/02/2019
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Capital Strategy 2019/20 and Final Capital Proposals 2019/20 to 2023/24
Purpose of Report:	The purpose of this report is to set out final proposals for Cabinet members to consider, before making their recommendations to Council, in respect of the final capital budget for the financial year 2019/20 to 2023/24 and to consider the Capital Strategy for 2019/20
Report Owner:	Report of the Leader
Responsible Officer:	Carys Lord Section S151 Officer
Elected Member and Officer Consultation:	Scrutiny Committees and Corporate Management Team have been consulted on the initial budget proposals. Trade Unions have been consulted informally on the potential implications of the proposals. External stakeholders were also consulted on the budget priorities
Policy Framework:	This report is following the procedure laid down in the Constitution for the making of the budget and needs to be referred to Council to make the final decision

Executive Summary:

- The report provides the Council's Capital Strategy for 2019/20 at Appendix 1. The Capital Strategy provides a framework which outlines how capital expenditure, capital financing and treasury management activity contribute to the provision of corporate objectives, along with an overview of how associated risk is managed and the implications for future financial sustainability.
- The report sets out the Council's proposed Final Capital Programme for the period 2019/20 to 2023/24 at Appendix 2.
- The total value of capital schemes over the next 5 years is £276.118m. This includes £140.713m for the Band B 21st Century Schools Programme and £78.361m for the Housing Improvement Programme.
- Additional grant funding for 3 years, commencing 2018/19, has been provided by Welsh Government as part of the Public Highways Refurbishment grant and together with Council funding, this will provide £2.5m for investment in highways during 2019/20.
- Welsh Government has provided additional general capital funding of £1.927m for 2018/19 which will be paid to the Council during February 2019. This sum can be carried forward into the next financial year through reserves. It is proposed that as it is very late in the budget setting process the additional funding for 2018/19 is transferred into a specific reserve for further consideration in the new financial year.

1. Recommendation

- 1.1** That Cabinet recommend to Council that the Capital Strategy 2019/20 as set out in Appendix 1 is approved.
- 1.2** That Cabinet recommend to Council the final Capital Programme for the years 2019/20 to 2023/24 as set out in Appendix 2 is approved.
- 1.3** That Cabinet recommend to Council that the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to or from the 2019/20 to 2023/24 Housing Improvement Programme as appropriate.
- 1.4** That Cabinet recommend to Council that the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to or from the 2019/20 to 2023/24 Asset Renewal budgets as appropriate.
- 1.5** That Cabinet recommend to Council that the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to S106 funded schemes subject to Member consultation as required under the existing process.

- 1.6 That Cabinet recommend to Council that the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to or from the 2019/20 Energy Conservation Refit budget as appropriate.

2. Reasons for Recommendations

- 2.1 To approve the Capital Strategy for 2019/20.
- 2.2 To set and approve future capital programmes to 2023/24.
- 2.3 To enable the Housing Capital budget to be managed effectively.
- 2.4 To enable the Asset Renewal budgets to be managed effectively.
- 2.5 To enable S106 schemes to be managed effectively.
- 2.6 To enable the Energy Conservation Refit budget to be managed effectively

3. Background

Capital Strategy

- 3.1 The Local Government Act 2003 set out a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a professional code of practice to support local authorities' decision making in the areas of capital investment and financing. Authorities are required by regulation to have regard to the Prudential Code.
- 3.2 CIPFA released an updated version of the Prudential Code in December 2017. The revised code includes a new requirement for authorities to produce a Capital Strategy. To comply with the new requirements, a Capital Strategy has been produced for 2019/20 and is attached at Appendix 1. The Strategy will also be submitted to full Council for approval.
- 3.3 The Capital Strategy provides a framework which outlines how capital expenditure, capital financing and treasury management activity contribute to the provision of corporate objectives, along with an overview of how associated risk is managed and the implications for future financial sustainability. It therefore outlines the Council's need to acquire, dispose or enhance assets such as land, buildings, roads, vehicles & plant to provide sustainable service provision to support its objectives. As resources available to meet the capital requirements of the Council are limited, the Strategy explains how priorities are set and outlines the sources of funding available, including the level of borrowing it will need and can afford to undertake and its investment strategy.

Capital Programme

- 3.4** The Council has produced a detailed 5 year Capital Programme, with the proposed programme for 2019/20 to 2023/24 being included in Appendix 2.
- 3.5** The Initial Capital Programme Proposals 2019/20 to 2023/24 were presented to Cabinet on 19th November 2018, minute C482. They were subsequently referred to Scrutiny Committees in December 2018.
- 3.6** In responding to the Initial Capital Programme Proposals, the following recommendations in relation to the Initial Proposals were made by Scrutiny Committees.

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- 3.7** The recommendations of Scrutiny Committees were referred to the Corporate Performance and Resources Scrutiny Committee, which is the lead Scrutiny Committee for the budget. On 13th December 2018 this Committee supported the recommendations of the other scrutiny committees and referred their recommendations to Cabinet , minute number 602.

- 3.8** Corporate Performance and Resources Committee's recommendations were referred to Cabinet on 21st January 2019, minute number C551.
- *RESOLVED – T H A T the contents of the report be noted and passed to the Budget Working Group for consideration in concluding the budget proposals for 2019/20.*
- 3.9** The Budget Working Group (BWG) have had consideration for the recommendations of the Scrutiny Committees when preparing the 2019/20 Capital Programme.

4. Key Issues for Consideration

Capital Strategy

- 4.1** The Capital Strategy looks at a longer term view of the Council's capital investment requirements. It is acknowledged that this is the first year that the Capital Strategy has been produced in this format therefore it will be updated annually and will evolve over future years.
- 4.2** There are a number of factors that will influence the Council's priority areas of spend and its future capital investment. The Capital Strategy outlines the various Council strategies which identify the priority areas for capital investment and the external factors that result in the need to incur capital expenditure.
- 4.3** It is difficult to predict capital resources over a long term period as the level of general capital funding provided by Welsh Government is usually advised on a year by year basis and their priority areas of spend, which they influence by the provision of specific grants, will change over a period of time. Capital receipts are difficult to predict as while the Council will strive to maximise receipts where possible, the uncertainty in the current economic climate, particularly with regard to Britain's exit from the European Union has an impact on developers.
- 4.4** An initial assessment however has been undertaken to identify the possible requirements for capital investment over a longer period of 10 years and also the potential funding that is available to finance such work. The funding gap could be in the region of £11m over the period. This data will be reviewed and updated on an annual basis to provide a basis for future capital strategies.
- 4.5** Unsupported borrowing could be an option to bridge any funding gap however a full financial appraisal will need to be undertaken to ensure that the financial consequences are affordable and sustainable.
- 4.6** The Strategy confirms the importance of ensuring the efficient, effective and sustainable use of land and buildings to deliver fit for purpose property to support the Council's service delivery.

- 4.7 The Council appetite for risk needs to be discussed as part of the Strategy. This Council has always been prudent with regard to its borrowing and does not take risk when investing as the Treasury Management Strategy only allows for investments to be placed with the Debt Management Office (DMO) or other local authorities.
- 4.8 As part of the Strategy, confirmation of any material commercial activities needs to be detailed. This Council does not have any material commercial activities.
- 4.9 In considering this Strategy the Council will need to undertake a number of actions in order to make the most of potential funding and to meet the requirement to invest in assets. These are detailed in Section 10 of the Strategy.

Capital Resources Available

- 4.10 Details of the different sources of funding available to finance capital expenditure are outlined in section 3 of the Capital Strategy.
- 4.11 On 20th December 2018, the Welsh Government (WG) announced the final 2019/20 General Capital funding (GCF) settlement which was £6.643m, being made up of £3.23m grant and £3.413m of supported borrowing. This is an increase of £1.138m from the 2018/19 funding of £5.505m and an increase of £1.1m from the provisional figure provided in October 2018.
- 4.12 The Cabinet Secretary for Finance announced on 20 November 2018 in the Draft Budget for 2019/20, proposals for an extra £100m of capital funding to be made available for local authorities over 3 years. The first instalment of £50m was to be paid in 2018/19, with £30m being paid in 2019/20 and £20m in 2020/21. The 2018/19 allocation of £1.927m will be paid to the Council during February 2019 and WG have advised that this sum can be carried forward into the next financial year through reserves. The 2019/20 allocation has been included in the Final Settlement and is the reason for the increase from the Provisional Settlement. This additional funding has been factored into projections going forward, however as no further indication has been received from Welsh Government, it has been assumed that from 2021/22 onwards, the level of capital funding will revert back to the same level as set out in the 2018/19 Provisional Settlement and will then remain constant for the remainder of the period of this programme.
- 4.13 On this basis, the following table represents the capital funding from the Welsh Government assumed as part of the 5 year programme.

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General Fund					
General Capital Grant	3,230	2,846	2,077	2,077	2,077

TOTAL	6,643	6,259	5,490	5,490	5,490
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- 4.14** Since the Initial Capital Proposals report, the Welsh Government has announced new funding for the Public Highways Refurbishment Grant. This is a road refurbishment programme to cover the period 2018 to 2021 and will provide vital new investment for the Council's roads. The grant will cover 3 years. The Council's allocation for 2018/19 is £757,614 and £748,830 for 2019/20. The amount for 2020/21 has not yet been provided and therefore has not been included in the capital programme. WG have advised that the sum for 2018/19 can be carried forward into the next financial year through reserves due to the late announcement of the funding.
- 4.15** Another means of financing capital expenditure is through capital receipts resulting from the sale of assets. Receipts from the sale of Housing Revenue Account (HRA) assets can only be spent in the HRA and cannot be used to finance General Fund capital schemes. Further details are contained in section 3 of the Capital Strategy.
- 4.16** Projected use and income generated from the sale of assets for the next 5 years is shown in the following table.

Capital Receipts	General	Ring-fenced Social Services	Ring-fenced Education
	£000	£000	£000
Projected Balance as at 31st March 2019	4,756	1,339	5,234
Anticipated Requirements – 2019/20	-1,610	0	0
Anticipated Receipts – 2019/20	0	0	639
Balance as at 31st March 2020	3,146	1,339	5,873
Anticipated Requirements – 2020/21	0	-1,339	-7,967
Anticipated Receipts – 2020/21	0	0	2,096
Balance as at 31st March 2021	3,146	0	2
Anticipated Requirements – 2021/22	0	0	-1,470
Anticipated Receipts – 2021/22	0	0	1,519
Balance as at 31st March 2022	3,146	0	51

Anticipated Requirements – 2022/23	0	0	-49
Anticipated Receipts – 2022/23	0	0	0
Balance as at 31st March 2023	3,146	0	2
Anticipated Requirements – 2023/24	0	0	-1,211
Anticipated Receipts – 2023/24	0	0	1,243
Balance as at 31st March 2024	3,146	0	34

4.17 Capital expenditure can also be funded by revenue contributions or the utilisation of existing reserves. Schemes are also included in the programme that have funding under S106 planning obligations.

4.18 Outside of the above, the Council is heavily dependent on specific grant funding to supplement its own resources if certain capital schemes are to be progressed. It is estimated that over the next 5 years, the level of specific grant funding for General Fund Capital Schemes is approximately £103.182m which is around £73.810m more than the level of General Capital Funding for the same period (£29.372m). The £103.182m grant funding is made up of £93.831m Band B 21st Century Schools grant, £0.350m Flood Defence and Structures grants, £0.227m ICF grant, £0.749m Highways Refurbishment grant and £8.025m Five Mile Lane Improvement grant.

4.19 The Council is also able to borrow to finance capital expenditure. This can be supported where funding is received from WG to fund the cost of borrowing or unsupported where the Council has to finance the full cost of the debt. When considering options for capital financing, the ability of the Council to finance the repayment of any loan it raises for the funding of capital schemes must be evaluated. Section 3 of the Capital Strategy provided further detail regarding borrowing and Section 5 provides information and indicators regarding the Council's level of borrowing.

Capital Programme 2019/20 to 2023/24

4.20 The 2019/20 to 2023/24 Capital Proposals have been set in accordance with the principals of the Capital Strategy. Clearly, limited resources will allow only those schemes of highest corporate priority and/or risk to be pursued. Section 4 of the Capital Strategy sets out the process for prioritising capital bids.

4.21 The initial capital proposals advised that while the evaluation process had been carried out for 2019/20 in the normal manner, the difference between the GCF previously projected for 2019/20, when the 5 year programme was set for 2018/19, compared to the actual GCF for 2019/20 was an increase of £259k. At

that time, no specific schemes were put forward for inclusion in the capital programme. As part of the final capital settlement from WG additional capital funding was made available and it is proposed that new schemes are now included in the capital programme. While capital bids had been received with a value of £5.096m for 2019/20, funding has been allocated to bids where the scheme priority rating has been scored as A and the Risk Assessment score is High or Medium/High.

4.22 The bids that have been proposed for inclusion in the 2019/20 capital programme are set out below.

Scheme	£000	Need
Carriageway Resurfacing	300	To support rolling programme of road improvement
Civic Offices Toilet Refurbishment	150	Existing toilets are not DDA complaint and are in a bad state of repair. The central toilets are located over the electrical switchroom and there is a risk that any leaks could flow into this room
Civic Offices Electric Schemes	70 40	Non Essential Switchboard Upgrade - Equipment is over 20 years old and spare parts are no longer available. Faults could lead to power cuts in the Civic Offices. There would be back up generators for IT servers and 1 lift Switchgear By-pass Switch Upgrade- The essential electrical switchboard cannot be tested without isolating the IT servers which is problematic. Equipment is now 10 years old and in need of testing
Vale Enterprise Centre Windows	100	The original steel windows need to be replaced with UPVC double glazed units in order to meet the legal minimum energy standard to be let to new business tenants
J Sub Repair	25	The J-Sub is owned and maintained by the Council. It houses a distribution panel and meters for the supply of electricity to Barry Town Station and the former EWS depot. Urgent action is required to make the building weatherproof and secure

- 4.23** It has also been considered that while the bid for Replacement Playgrounds did not obtain a high score in all factors, it scored highly under the Well Being of Future Generations and it is proposed that £150k is included in the capital programme for 2019/20.
- 4.24** Since the Initial Capital Programme Proposals were prepared, the lights at Jenner Park have failed and need to be replaced. It is proposed that £125k is included in 2019/20 for their replacement. Also additional work has been identified at Eastern Shelter, Barry Island and £90k has been included in the capital programme for 2019/20. Both these schemes contribute to the Council's corporate priorities and the Well Being of Future Generations.
- 4.25** As noted earlier in the report, Environment and Regeneration Scrutiny Committee recommended further investment in highways. As shown in the table above, the Budget Working Group proposes that an additional £300k is included in the 2019/20 Capital Programme to bring the Council's contribution towards highway improvements in 2019/20 to £1m. When the WG grant for 2018/19 and 2019/20 is added to the Council's funding this will bring the total road and pavement resurfacing works budget next year to £2.507m.
- 4.26** Unlike previous years, the Initial Capital Proposals advised that the Asset Renewal budgets for each directorate would be reviewed and schemes would be identified prior to the approval of the Final Capital proposals for 2019/20 to ensure that funding is allocated to priority schemes. A full breakdown of the Asset Renewal budgets is now included in the 2019/20 capital programme.
- 4.27** WG have advised that the £1.927m additional grant allocated for 2018/19 can be carried forward into the next financial year through reserves. It is proposed that as it is very late in the budget setting process this additional funding is transferred into a specific reserve and consideration for its allocation is made early in the new financial year. One of the potential uses of this funding will be to purchase the necessary car parking meters to support the implementation of the Council's Parking Strategy. Commitments will be finalised and included in the capital programme once the Strategy is approved.
- 4.28** Potential funding for 2020/21 onwards which has not been allocated to specific schemes is being shown under the All Services Asset Renewal heading.

Schools Investment Programme

- 4.29** The Schools Investment Programme is a priority programme of investment in the future of the Vale of Glamorgan's schools and further background is contained in Section 2 of the Capital Strategy.

4.30 In late November 2018, Welsh Government advised that the intervention rate for the 21st Century Schools Programme for non-faith school schemes would increase from 50% to 65%. A new intervention rate was introduced for facilities for those pupils with additional learning needs (ALN) and those in pupil referral units (PRU) at 75% Welsh Government funding. The St Richards/St Helen scheme will now be a Band C scheme and the options of financing the scheme as a Mutual Investment Model (MIM) are being considered.

4.31 As a result of this change, Cabinet on 7th January 2019 approved a revised programme of works. The total of the revised Band B programme is £143.792m of which £3.079m is being funded in 2018/19. The breakdown of Band B schemes for 2019/20 to 2023/24 is shown in the following table.

Band B Schemes	£000
Whitmore High School	29,296
Pencoedtre High School	33,993
Centre for Learning and Wellbeing	4,263
Ysgol Gymraeg Bro Morgannwg	20,423
Barry Waterfront	7,394
Primary Provision in the Western Vale	4,166
Cowbridge Primary Provision	9,847
St David's Primary School	4,181
St Nicholas	4,185
Ysgol Y Deri	11,000
Primary Provision in Penarth	9,239
Review Nursery Provision	2,726
TOTAL	140,713

4.32 The change in the intervention rate has resulted in a reduction in the funding to be provided by the Council. Part of the funding for the programme was via unsupported borrowing. This means of funding has a financial cost and therefore it is preferable to minimise the level of unsupported borrowing. The funding of the programme has therefore been reassessed to reduce unsupported borrowing to the minimum level possible. The revised funding for this programme is shown in the following table.

Band B Schemes	£000
WG Grant	93,831
S106	17,191
Borrowing Pending Capital Receipts	176
Repay Borrowing Pending Capital Receipts	-176
Capital Receipts	10,697
General Capital Funding	5,178
Reserves and Revenue Contribution	12,857
Prudential Borrowing	959
TOTAL	140,713

Housing Improvement Programme

- 4.33** The Council achieved Welsh Housing Quality Standard (WHQS) at the end of March 2018. The Final Capital Programme Proposals therefore reflect the level of works required to maintain WHQS and the Council's aspirations as part of the Housing Asset Management Plan, which includes the building of new houses. Further details are contained in section 2 of the Capital Strategy.
- 4.34** WG requires all local authorities who retain their housing stock to submit an acceptable Housing Business Plan annually that incorporates a detailed financial forecast in the form of a 30 year financial model. The Business Plan is the primary tool for a local authority's housing landlord service to ensure that its financial plans are sustainable and affordable.
- 4.35** The Plan will form the basis of the Major Repairs Allowance (MRA) grant application, which is a pivotal financing component for the Housing Improvement Programme. The MRA for 2019/20 has not yet been announced by the Welsh Government but the assumed level of grant in Appendix 2 remains at £2.759m per annum which is the sum received in 2018/19.
- 4.36** The sources of funding to be used to finance HRA expenditure in 2019/20 to 2023/24 are detailed in the table below.

Funding	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Revenue/Reserves	5,846	5,268	5,691	7,073	6,650
MRA Grant	2,759	2,759	2,759	2,759	2,759
Unsupported Borrowing	9,293	10,653	11,094	1,698	0
S106	0	1,300	0	0	0
Total Budget	17,898	19,980	19,544	11,530	9,409

5. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 5.1** The Capital Strategy and Capital Programme focuses capital investment to deliver the outcomes identified as part of the Corporate Plan.
- **An Inclusive and Safe Vale** - Continued investment in housing through the Housing Improvement Programme to maintain the Welsh Housing Quality Standard and plans for new build and environment and regeneration programmes.
 - **An Environmentally Responsible and Prosperous Vale** - Investing in the introduction of LED street lighting will bring environmental benefits and

contributing as a partner in the Cardiff Capital Region City Deal will bring economic prosperity to the area.

- **An Aspirational and Culturally Vibrant Vale** - Further investment in schools through the School Investment Programme with Band A complete and development under Band B commencing in 2018/19.
- **An Active and Health Vale** - Investment in Leisure Centres and playgrounds will encourage more use and activity.

- 5.2** The Capital Strategy and the setting of the 5 year Capital Programme are set through considering the Five Ways of Working.
- 5.3** **Looking to the long term** - The development of the capital programme and the Capital Strategy is a means of planning for the future and takes a strategic approach to ensure services are sustainable and that investments are affordable over the longer term and that future need and demand for services is understood.
- 5.4** **Taking an integrated approach** – The Capital Strategy recognises that in setting the capital programme, working with partners is encouraged, as it allows the utilisation of funding from various sources, such as Welsh Government and S106 contributions, to deliver schemes.
- 5.5** **Involving the population in decisions** – As part of the annual budget setting process there is engagement with residents, customers and partners. Prior to the implementation of certain capital schemes, consultation may also take place with the public which may in some cases be statutory.
- 5.6** **Working in a collaborative way** – The Capital Strategy recognises that more can be achieved and better services can be provided by collaboration and it encourages this as a way of working in the future which includes providing funding to work with local communities.
- 5.7** **Understanding the root cause of issues and preventing them** – The Capital Strategy and the process for setting the capital programme is proactive and allows an understanding of the financial and operational issues to be considered together so that issues can be tackled at the source.

6. Resources and Legal Considerations

Financial

- 6.1** The capital programme will be funded from a variety of sources. The table below details the General Capital Funding and internal resources required to fund the schemes proposed in Appendix 2 in 2019/20.

Net Sources of Funding - 2019/20	£000
General Fund	
Welsh Government Resources:	
General Capital Funding	3,230
Supported Borrowing	3,413
Council Resources:	
Capital Receipts	1,610
Unsupported (Prudential) Borrowing	436
Revenue/Reserves	9,359
Net Capital Resources	18,048
Housing	
Council Resources:	
Capital Receipts	0
Unsupported (Prudential) Borrowing	9,293
Housing Reserves	5,846
Net Capital Resources	15,139
Total Net Capital Resources	33,187

Employment

- 6.2** Some of the schemes included in the capital programme will be undertaken by Council staff and the relevant costs will be recharged to the capital scheme.

Legal (Including Equalities)

- 6.3** The Council is required to show that capital expenditure is covered by identified resources when developing its Final Capital Programme proposals.

7. Background Papers

OT Local Government Final Revenue Settlement letter dated 20th December 2018

VALE of GLAMORGAN



BRO MORGANNWG

VALE of GLAMORGAN COUNTY BOROUGH COUNCIL

CAPITAL STRATEGY

2019/20



CAPITAL STRATEGY 2019/20

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1. INTRODUCTION AND AIMS OF THE CAPITAL STRATEGY

Introduction and Aims

- 1.1 The Capital Strategy provides a framework which outlines how capital expenditure, capital financing and treasury management activity contribute to the provision of corporate objectives, along with an overview of how associated risk is managed and the implications for future financial sustainability. It therefore outlines the Council's need to acquire, dispose or enhance assets such as land, buildings, roads, vehicles & plant to provide sustainable service provision to support its objectives. As resources available to meet the capital requirements of the Council are limited, the Strategy explains how priorities are set and outlines the sources of funding available, including the level of borrowing it will need and can afford to undertake and its investment strategy.
- 1.2 While the Strategy should look to the longer term, it is supported by a detailed Capital Programme for 5 years covering the period 2019/20 to 2023/24. It is acknowledged that this is the first year that the Capital Strategy has been produced in this format therefore it will be updated annually and will evolve over future years.
- 1.3 The Council's capital expenditure is reflected in the Balance Sheet of its Statement of Accounts ensuring stewardship of assets is demonstrated. The Statement of Accounts is externally audited at the end of each financial year to certify that it presents a true and fair view of the financial position of the Council. The Council's assets at the 31 March 2018 have a book value of £626m, which includes £166.108m relating to housing stock.

Definition of Capital and Capitalisation Policy

- 1.4 Capital expenditure is defined by the Code of Practice on Local Authority Accounting in the United Kingdom - A Statement of Recommended Practice (SORP) as "Expenditure on the acquisition, creation or enhancement of an asset". The Local Authorities Capital Finance and Accounting (Wales) Regulations also provides for other items to be defined as capital expenditure. These are:
- Expenditure on computer programs;
 - The making of a grant or other financial assistance to any person towards expenditure that would be capital expenditure if incurred by the authority;
 - The acquisition of share and loan capital;
 - The repayment of grant given for capital purposes; and
 - Expenditure on works on land and buildings and on assets not owned by the authority.
- 1.5 The Council also uses a deminimus level of £10,000 to classify expenditure as capital or proceeds from the sale of an asset as a capital receipt, with expenditure or income below this level being classed as revenue.

Prudential Code

- 1.6 The Local Government Act 2003 set out a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a professional code of practice to support local authorities' decision making in the areas of capital investment and financing. Authorities are required by regulation to have regard to the Prudential Code.
- 1.7 CIPFA released an updated version of the Prudential Code in December 2017. The revised code includes a new requirement for authorities to produce a Capital Strategy. CIPFA acknowledged that the timing of the new Prudential Code's release created difficulties as the planning processes for 2018/19 would have already been well advanced, so it confirmed that compliance with the revised Prudential Code and the recently updated CIPFA Treasury Management Code may take place at the next available opportunity. To comply with the new requirements, a Capital Strategy has been produced for 2019/20 and will be updated on an annual basis. The Strategy will also need to be submitted to full Council for approval.

2. LINKS TO STRATEGIC PLANS AND FUTURE CAPITAL REQUIREMENTS

2.1 There are a number of factors that will influence the Council's priority areas of spend and its future capital investment. This section outlines the various Council strategies which identify the priority areas for capital investment and the external factors that result in the need to incur capital expenditure.

Corporate Plan

2.2 The Corporate Plan effectively acts as the driver, setting the focus and direction for the delivery of all Council services. In this way, future requirements can be predicted and future areas of significant expenditure can be identified and prioritised, not only in the light of service developments and the competing demands between different services, but also in pursuit of pre-defined corporate priorities.

2.3 The Council has set out its vision for 2016-2020 in its current Corporate Plan. The Capital Programme is set having regard to the Council's corporate priorities, which are included in the Corporate Plan through the 4 well-being outcomes. These are as follows :-



2.4 These outcomes demonstrate the Council's commitment to the Well-being of Future Generations Act which aims to improve the social, economic, environmental and cultural well-being of Wales and ensures that the needs of the present are met without compromising the ability of future generations to meet their own need.

2.5 In developing the Corporate Plan, the Council has reflected on the way it works and has stated 5 principles it will follow. This new approach to working has been followed in developing this Capital Strategy and setting the capital programme. The 5 ways of working are :-

- **Looking to the long term** - The development of the capital programme and the Capital Strategy is a means of planning for the future and takes a strategic approach to ensure services are sustainable and that investments are affordable over the longer term and that future need and demand for services is understood;
- **Taking an integrated approach** – The Capital Strategy recognises that in setting the capital programme, working with partners is encouraged, as it allows the utilisation of funding from various sources, such as Welsh Government and S106 contributions, to deliver schemes;
- **Involving the population in decisions** – As part of the annual budget setting process there is engagement with residents, customers and partners. Prior to the implementation of certain capital schemes, consultation may also take place with the public which may in some cases be statutory;
- **Working in a collaborative way** – The Capital Strategy recognises that more can be achieved and better services can be provided by collaboration and it encourages this as a way of working in the future which includes providing funding to work with local communities; and
- **Understanding the root cause of issues and preventing them** – The Capital Strategy and the process for setting the capital programme is proactive and allows an understanding of the financial and operational issues to be considered together so that issues can be tackled at the source.

2.6 Further detail can be found at [Corporate Plan](#)

Medium Term Financial Plan (MTFP)

2.7 The Council produces a rolling Medium Term Financial Plan as a mechanism which allows the Council to forecast the level of funding available in future years and to match this against the likely expenditure. It links both the planning process with the budget process and ensures consistency between them. The MTFP is therefore of crucial importance for the development of a plan for capital investment. The revenue consequences of any capital investment have to be determined and built into the planning process and needs to ensure that they are affordable going forward. The latest MTFP was approved by Cabinet on 17th September 2018.

2.8 Further detail can be found at [Medium Term Financial Plan](#)

Corporate Asset Management Plan (CAMP)

2.9 The way the Council manages its properties and other assets has a direct impact on the services it provides and the CAMP seeks to ensure that the Council achieves the optimum use of its assets whilst supporting service delivery across the Council and achieving the aims of its Corporate Plan. Asset management is not merely about how to make financial savings, it is about ensuring that the Council achieves the maximum efficiency from its assets. Realising the CAMP's objectives requires a long term strategy and the CAMP is therefore updated regularly. The CAMP is currently in the process of being revised.

2.10 The objective of the CAMP are :-

- To ensure an efficient, effective, and sustainable use of land and buildings to deliver fit for purpose property to support the council's service delivery;
- To identify and pursue opportunities to generate capital receipts and revenue generating opportunities from surplus property;
- To ensure that Premises Managers / Duty Holders manage Council assets so that they comply with appropriate statutory, regulatory and corporate standards, and are maintained to an appropriate level;
- To ensure that all asset information held is in a user friendly form which is accessible to service providers; and
- To work in partnership and collaborate with other public sector bodies within the Vale of Glamorgan to achieve efficiencies in the use of property assets.

2.11 In order to achieve these objectives, Service Asset Management Plan (SAMP) questionnaires are completed annually by each service area and provides data relating to the assets each service is allocated. They assist in aligning property assets' ability to meet both current and future service delivery needs. They are also an integral part of informing whether assets are fit for purpose and performing as required. Performance is reviewed on a suitability and sufficiency basis, with consideration given to workforce planning requirements.

2.12 Forming part of the Council's accommodation strategy, the Space Project is focussed specifically on the key corporate buildings. Since its implementation it has become a key driver for achieving a more efficient use of our corporate buildings and this will continue into the future.

2.13 An Acquisition Protocol has been developed which will help to ensure that a co-ordinated approach is adopted for any potential acquisitions. The protocol will require :-

- The reason for acquisition;
- A property search to be undertaken by Asset Management/Estates, initially undertaking a review of property already in Council ownership/control, and only if deemed appropriate should a wider search of third party properties be undertaken;
- Option appraisal including an assessment on a whole life costing basis to establish the most cost effective options to provide a suitable building; and
- An approval process, including referrals to Cabinet or relevant strategic groups.

2.14 Working in a collaborative way is one of the Council's 5 Ways of Working and the Council is taking opportunities to achieve this by a more effective use of its assets through collaboration and joint working initiatives with other public sector organisations. This financial year the Vale, Valleys and Cardiff Adoption Service has relocated to the Dock Office, Barry. The Council also has a Community Asset Transfer Protocol which identifies when the Council can consider the transfer of an asset and how local communities could register an interest in taking over a Council owned property.

2.15 Further detail can be found at [Corporate Asset Management Plan Update](#)

Highways Asset Management Plan

2.16 The Vale of Glamorgan Council's Highway Asset Management Plan (HAMP) is currently in the process of being finalised. When complete it will provide an integrated framework through which the Council delivers highways maintenance across the Council's road network in a manner that optimises resources for the management of the highway infrastructure.

Housing Improvement Programme

2.17 As at 30th January 2019 the Council's housing stock stood at 3,863.

2.18 Cabinet on 19th November 2018 approved the Housing Asset Management Strategy as a draft document for consultation. With the introduction of the Welsh Housing Quality Standards (WHQS), the Housing Investment Programme has been predominantly focused on investing in tenants' homes and neighbourhoods directly contributing to achievement of the standard. As at 31st March 2018, the Council achieved the standard and therefore the draft Housing Asset Management Strategy seeks to set out the Council's ongoing vision for investment in the housing stock and developing new homes to meet the needs of current and future tenants of the Housing service. Tenants of the Council will be consulted on the Strategy to enable their views and priorities to be considered and built into the document where appropriate.

2.19 The key areas of investment for the Council will be the maintenance of WHQS, development of new Council homes to meet increased housing demand in the social rented sector and improvement of the existing housing stock to meet the challenges of zero carbon emissions by 2050 at the latest. There will also be opportunities to undertake regeneration and environmental improvement works.

2.20 In order to support this Strategy and to comply with Welsh Government's requirements, a 30 year Housing Business Plan is produced each year. The latest Housing Business Plan will be submitted to Council for approval on 27th February 2019. The Plan will form the basis of the Major Repairs Allowance (MRA) grant application to Welsh Government, which is a pivotal financing component for the Housing Improvement Programme. The total capital spend in the HRA over the next 5 years will be £78.361m.

2.21 Further detail can be found at [Housing Asset Management Strategy](#)

ICT and Digital Strategy

2.22 The Council's ICT Strategy 2017 – 2021 was approved by Cabinet on 3rd April 2018. It has the overall aim to enable opportunities for improvement through the innovative use of ICT, now and in the future. To deliver this aim, four objectives with associated actions have been identified as follows :-

- To improve and enable greater access to services;
- To support innovation through the use of ICT;
- To maintain, support and develop resilient ICT infrastructure and systems; and

- To provide a quality ICT service.

2.23 The Council also has a Digital Strategy covering 2017-2020 which was approved by Cabinet on 31st July 2017. The strategy identifies 4 themes which will enable the Council to achieve its vision. They are Digital Customer Service, Digital Workforce, Digital Place and Digital Collaboration.

2.24 The capital programme includes a budget for ICT to provide capital investment to support the actions identified in both these strategies.

2.25 Further detail can be found at [ICT Strategy](#)

2.26 Further detail can be found at [Digital Strategy](#)

Waste Management Strategy

2.27 The revised Waste Management Strategy was presented to Cabinet on 2nd July 2018. There has been a successful capital bid to Welsh Government's Collaborative Change Programme (CCP) to financially support the new waste infrastructure required to introduce a source separated dry recycling collection service namely the 'collections blueprint'. Capital support is required to fund the purchase of vehicles, all necessary containers and the construction of a Waste Transfer Station (WTS) including all necessary plant and equipment. The Council has been allocated £3.5m from Welsh Government in 2018/19 and is anticipating further funding in 2019/20 and 2020/21.

2.28 Further detail can be found at [Revised Waste Management Strategy](#)

School Investment Programme

2.29 The 21st Century Schools and Education Programme is a unique collaboration between the Welsh Government and local authorities. It is a major long term strategic capital investment programme with the aim of creating a generation of 21st Century Schools in Wales.

2.30 The first tranche of schemes under Band A were delivered between 2013/14 and 2018/19. Band B schemes have commenced in 2018/19.

2.31 At the end of July 2017 the Council submitted a Strategic Outline Programme to Welsh Government for Band B.

2.32 In late November 2018, Welsh Government advised that the intervention rate i.e. the level of funding they will provide, would increase for non-faith school schemes from 50% to 65%. A new intervention rate was introduced for facilities for those pupils with additional learning needs (ALN) and those in pupil referral units (PRU) at 75%.

2.33 As a result of the intervention rate change, Cabinet on 7th January 2019 approved the revised 21st Century Schools Programme which took into account priorities and cost pressures around ALN provision.

2.34 The current breakdown of Band B schemes are shown in the following table.

Band B Schemes	£000
Whitmore High School	30,500
Pencoedtre High School	30,500
Centre for Learning and Wellbeing	4,400
Ysgol Gymraeg Bro Morgannwg	21,423
Barry Waterfront	7,417
Primary Provision in the Western Vale	4,185
Cowbridge Primary Provision	9,847
St David's Primary School	4,185
St Nicholas	4,185
Ysgol Y Deri	11,000
Primary Provision in Penarth	9,239
Review Nursery Provision	2,726
Primary/Secondary Capacity	4,185
TOTAL	143,792

2.35 Further detail can be found at [Band B 21st Century Schools](#)

City Deal

2.36 The Vale of Glamorgan Council is a participant in the Cardiff Capital Region City Deal which has been established between the UK Government, the Welsh Government and 10 local authorities in South East Wales. The agreement with the UK and Welsh Governments' provides £1.2 billion of which £734m is allocated to the Metro, with the balance of £495m being made available as the Wider Investment Fund. The Regional Cabinet has stated that the high level aims of the Wider Investment Fund are the creation of 25,000 new jobs and £4 billion of private sector investment. The Deal will cover a 20 year period.

2.37 The Vale of Glamorgan's share of the estimated total costs (8.5%) is projected to be in the order of £17.9m and will be funded by unsupported borrowing with a 20 year repayment period.

2.38 Further detail can be found at [Cardiff Capital Region City Deal](#)

External Influences – Welsh Government

2.39 Capital priorities can be established by the Welsh Government which are subsequently backed by additional resources via specific grants. Some examples of these are the 21st Century Schools programme, flood prevention schemes and the A4226 Five Mile Lane improvement scheme. Additional funding has also recently been provided from Welsh Government for highways improvements.

External Influences – Legislation

2.40 Legislative changes can also impact future capital development as the Council may need to change the way in which it provides services and this may require the purchase of additional assets or the reconfiguration of existing assets.

2.41 The Energy Efficiency (Private Rented Sector)(England and Wales) Regulations 2015 made it unlawful from April 2018 to let residential or commercial properties with an energy performance certificate (EPC) rating of 'F' or 'G'(the lowest grades of energy efficiency). The regulations are enforced by trading standards. Penalties will be based on the rateable value of the property, up to a maximum of £150,000 per property. The current requirement is triggered upon the grant of a new lease but also upon lease renewals, sub letting and assignments. The scheme will be extended on 1st April 2023 to cover all leases, including where a lease is already in place. There are certain exemptions however the majority of the councils leased out portfolio will be within scope. The scale of the investment required is currently being assessed however for early cases where a property has required upgrading work, the Property Section has worked closely with the assessor to choose measures that have helped with the compliance but also compliment the asset from a maintenance perspective moving forward. The future evolution of the scheme will be closely monitored as it is expected that further extensions or changes to the scope may be announced. The full impact will need to be assessed to identify future capital requirements and provision will need to be made in the capital programme as necessary.

2.42 The Council has a duty to ensure that buildings under its control comply with appropriate statutory, regulatory, and corporate standards. To protect both workers and the public the Council regularly inspects its premises and monitors compliance with Health & Safety legislation. Compliance legislation covers a wide range of aspects which have a service/maintenance requirement or form part of on-going risk assessments. The aim is to ensure the Council operates from fully compliant buildings and that all premises responsible officers are able to update the data held in relation to frequency testing.

External Influences – Collaboration

2.43 Of growing importance both nationally and locally is collaborative and joint working as a driver to improving service delivery and reducing costs. There are a number of ways in which the Council is driving the collaborative agenda. The Community Asset Transfer (CAT) Protocol identifies when the Council can consider the transfer of an asset and how local communities could register an interest in taking over a Council owned property. It is the intention to review the Council's CAT protocol during 2019. Particular attention is being applied to single use sports grounds within the CAT process as the Council evaluates the subsidy that some of its leisure facilities require. This will be a focus during 2019/20.

3 RESOURCES TO FINANCE CAPITAL EXPENDITURE

- 3.1 There is a variety of funding available to finance capital expenditure. This section outlines the different types of funding available, potential providers and any financial implications of that method of financing.

General Capital Funding – Welsh Government

- 3.2 This consists of 2 elements. Welsh Government provides the Council with a General Capital Grant. In addition the Council is advised of a level of borrowing that the Welsh Government is prepared to fund via the Revenue Support Grant settlement, this allowance is known as supported borrowing.
- 3.3 On 20th December 2018, the Welsh Government announced the final 2019/20 General Capital funding settlement which was £6.643m, being made up of £3.23m grant and £3.413m of supported borrowing. This is an increase of £1.138m from the 2018/19 funding of £5.505m and an increase of £1.1m from the provisional figure provided in October 2018.
- 3.4 The Cabinet Secretary for Finance announced on 20 November 2018 in the Draft Budget for 2019/20, proposals for an extra £100m capital funding to be made available for local authorities over 3 years. The first instalment of £50m has been paid in 2018/19, with £30m being made available in 2019/20 and £20m in 2020/21. The 2019/20 allocation has been included in the Final Settlement and is the reason for the increase from the Provisional Settlement. This additional funding has been factored into projections going forward, however as no further indication has been received from Welsh Government past 2020/21, it has been assumed that from 2021/22 onwards the level of capital expenditure will revert back to the same level as the 2018/19 Provisional Settlement and will then remain constant for the remainder of the period of this Strategy.

Major Repairs Allowance – Welsh Government

- 3.5 The Welsh Government issues a Major Repairs Allowance (MRA) to the Council as a grant which is to be used for any capital expenditure on Housing Revenue Account (HRA) assets. This has contributed to the Council's achievement of the Welsh Housing Quality Standards in March 2018. The MRA for 2019/20 has not yet been announced by the Welsh Government but for this Strategy it has been assumed that the grant remains at £2.759m per annum as received in 2018/19.

Specific Grants – Welsh Government

- 3.6 The Welsh Government provides the Council with specific grants for priority areas. These grants are allocated to the Council either as a result of submission of specific bids or via a formula allocation. New grants to be received into the programme are as follows:-
- 3.7 **Highway Refurbishment Fund** - This is a road refurbishment programme to cover the period 2018 to 2021. The Council will be provided with a grant in 2019/20 of £748,830 with the allocation for 2020/21 not yet announced. This grant will provide vital new investment for the Council's roads.

- 3.8 **Targeted Regeneration Investment** - On 20th October 2017 the Welsh Government launched this new capital regeneration programme. Investment will be for the three year period 2018/19-2020/21. Under the new programme local authorities, along with their partner organisations, are able to apply for capital funding for projects that promote economic regeneration and serve the aims of wider sustainable development with activities focussed at individuals and areas of need. The Minister for Housing and Regeneration and the Cabinet Secretary for Local Government and Public Services approved the South East Wales Regional Plan for Regeneration on 19th September 2018. South East Wales (comprises of 10 local authorities) has a notional funding allocation of £44 million for the period 2018/19-2020/21. The budget is to be managed as a rolling programme to allow projects to come forward at an appropriate time. The Regional Plan for Regeneration identifies the settlement of Barry as a Regeneration Area for Targeted Regeneration Investment. The capital programme will be updated during 2019 on receipt of any funding award for this Council. Further detail can be found in the Cabinet report dated 7th January 2019. The Council may need to provide match funding for this grant and it is intended that the Barry Regeneration Partnership budget which is included in the capital programme can be used for this purpose.
- 3.9 **SALIX** - Work can be undertaken through the use of the Welsh Governments interest free SALIX funding and using the RE:FIT contractor framework which has allowed the Council to procure a preferred contractor to implement various energy saving projects.
- 3.10 It is estimated that over the next 5 years the Council will received grant funding from WG for Band B 21st Century Schools grant, Flood Defence and Structures work, Waste Initiative and Highways Refurbishment, including Five Mile Lane Improvement. Some of these schemes may require a match funding contribution to be made by the Council which is built into the capital programme. It is not possible to predict and plan for any other grants beyond this period.

Unsupported/Prudential Borrowing

- 3.11 If the Council decides to borrow in excess of the amount specified by the Welsh Government then it may do so and this type of borrowing is known as unsupported or "Prudential Borrowing". The cost of this borrowing must be funded through the Council's revenue budget and therefore will need to be identified prior to the approval and inclusion of a scheme into the capital programme. The Council currently uses unsupported borrowing to fund the Schools Investment Programme, Housing Improvement Programme, the purchase of specialist vehicles and City Deal and the schemes financed under the Local Government Borrowing Initiative. The table below sets out the anticipated new Prudential Borrowing the Council will undertake over the next 5 years.

Scheme	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£000	£000	£000	£000	£000	£000
General Fund						
21st Century Schools Band B	0	0	899	236	(176)	959
City Deal	436	429	675	675	972	3,187
Vehicles	0	305	1,102	1,372	264	3,043
Total General Fund	436	734	2,676	2,283	1,060	7,189
Housing Revenue Account	9,293	10,653	11,094	1,698	0	32,738
Total New Borrowing	9,729	11,387	13,770	3,981	1,060	39,927

3.12 After allowing for repayments, the balance of Prudential Borrowing as at 31st March 2019 is expected to be £29.55m. At the end of the Capital Programme period (31st March 2024) the outstanding prudential borrowing taking into account repayments is expected to be £15.005m for the General Fund and £47.382m for the Housing Revenue Account.

Contributions from Revenue and Reserves

3.13 Capital expenditure can also be funded by revenue contributions or the utilisation of existing reserves. Reserves are sums of money that have been set aside by the Council for a specific purpose. A number of reserves are used to fund the Capital Programme and the main ones are shown in the table below.

Reserve	Purpose	Balance as at 31st March 2018 £000
Schools Investment Strategy	To fund Band B and other school investment	11,372
Council Building Fund	To maintain Council buildings	6,582
IT Fund	To allow investment in the Council's IT infrastructure	3,952
Project Fund	To be used to finance capital and revenue projects, with repayment of such advances being credited back to the fund where appropriate.	3,180
Vehicle Repairs and Renewal Fund	To replace the Council's vehicle fleet	2,414
City Deal	To fund the Council's contribution towards the City Deal	1,898

3.14 Over recent years substantial funding has been transferred into the Schools Investment Strategy reserve in order to fund the Band B 21st Century Schools programme however as the scheme progresses this reserve will be utilised. It is anticipated that over the next 5 years reserves of over £24m will be used to fund capital expenditure.

Capital Receipts

3.15 Capital expenditure is also financed through receipts resulting from the sale of Council assets.

3.16 Receipts from the sale of HRA assets can only be spent within the HRA and cannot be used to finance General Fund capital schemes. However, the Abolition of the Right to Buy and Associated Rights (Wales) Act 2018 gained Royal Assent on 24 January 2018. The provisions in the Act means abolition of the rights came into force on 26 January 2019 however there are some exceptions. No HRA receipts have therefore been assumed in the Housing Business Plan. Any HRA capital receipts received in a year were previously used to fund capital expenditure in that year and therefore as at 31st March 2018 the Council did not hold a balance of HRA receipts. The reason for this is to reduce the level of borrowing within the HRA.

3.17 General Fund receipts are normally held for use across all non HRA service areas however they may be approved by Cabinet to be ringfenced for specific purposes. Receipts have been specifically ring fenced for Social Services and the School Improvement Programme.

3.18 In order to support the generation of capital receipts, the Council has a Disposal Protocol which sets out the key determinants for identifying an asset as surplus which are :-

- Evidence that a higher value for an alternative use can be achieved;
- The asset no longer contributes to service delivery; and
- The asset has no potential for a regeneration use.

3.21 It is a challenging time to dispose of surplus assets, and predicting future capital receipts remains a difficult and uncertain process, especially with the current economic uncertainty surrounding Britain's exit from Europe. This is particularly the case with higher value development sites which require property expertise to exploit the potential a site may offer and ensure we achieve best consideration in line with our statutory and fiduciary duties. No significant Council Fund or ring-fenced Social Services capital receipts have been anticipated going forward. Work will however be undertaken to dispose of surplus assets when they become available.

3.22 A further receipt of £5.497m is estimated from Education assets between 2019/20 and 2023/24 and will be ring fenced for the School Investment Programme. It should be noted, however, that the projected value and timing of future capital receipts is not guaranteed and failure to achieve the projected level of capital receipts to timescale could impact on the affordability of the current 21st Century Schools Band B proposals and may require temporary unsupported borrowing to be undertaken pending the completion of a disposal.

Other External Contributions

3.23 The current Capital Programme includes various sources of external funding which are not from Welsh Government, the main being contributions received via S106 agreements. Funding and contributions to capital schemes can also be made available from the Arts Council of Wales and Natural Resources Wales.

4 PRIORITISATION OF CAPITAL REQUIREMENTS

4.1 The requirement for capital investment will always be greater than the funding available to the Council, particularly in times of reducing funding. This section outlines the process the Council has adopted to prioritise funding so that it is directed to support the key priorities of the Council.

Capital Programme Approval Process

4.2 By the end of September each year, services are asked to confirm any amendments/reprofiling of approved capital schemes. In addition, services can submit capital bids for new schemes that may be required over the next 5 years for consideration and these bids are evaluated and prioritised by the Insight Board. The Insight Board is a group of senior officers covering all service areas who oversee the delivery of the Council's range of integrated planning activity. The Insight Board uses a number of criteria to prioritise the capital bids as outlined below. The recommendations of the Insight Board are then reviewed by the Budget Working Group which comprises the Leader and Deputy Leader, the Managing Director and the Head of Finance. Initial capital proposals are presented to Cabinet in November and are then submitted to Scrutiny Committees for consultation. Corporate Performance and Resources Scrutiny Committee is the lead Scrutiny Committee and considers both the initial capital proposals and any recommendations that other Scrutiny Committees have made.

4.3 Consultation regarding budget issues is also undertaken with the Vale's residents and other partners e.g. Town and Community Councils.

4.4 After taking into account the results of consultation and the Final Settlement from Welsh Government, Cabinet will make its final proposals during February, which will then be presented to full Council for final approval prior to the 11th March of that year.

Assessment of Capital Bids

4.5 When setting the capital programme the following principals are applied.

- Only capital bids that are deemed to meet the criteria of higher corporate priority and/or risk should be progressed;
- All bids need to reflect full costs including purchase costs and a level of fees as appropriate;
- Bids need to include all lifetime revenue implications e.g. maintenance, management costs and potential income;
- The Capital Programme is set with regard to the key themes as outlined in the Corporate Plan; and
- The Capital Programme proposals should maximise the availability of resources to address the Council's priorities.

Risk

4.6 A risk assessment is undertaken for each bid, in line with the Council's Corporate Risk Management Strategy using the following matrix.

Possible Impact or Magnitude of Risk	Catastrophic	MEDIUM	MEDIUM/HIGH	HIGH	VERY HIGH
	High	MEDIUM/LOW	MEDIUM	MEDIUM/HIGH	HIGH
	Medium	LOW	MEDIUM	MEDIUM	MEDIUM/HIGH
	Low	VERY LOW	LOW	MEDIUM/LOW	MEDIUM
Risk Matrix		Very Unlikely	Possible	Probable	Almost Certain
		Likelihood/Probability of Risk Occurring			

Corporate Priority

4.7 The bids are then reviewed against the following criteria to assess corporate priority. Where bids are rated an A or B on the criteria listed below there would clearly be a legal obligation to ensure that works are progressed in a timely manner within the confines of the funding available. Schemes that represent an invest to save opportunity or support the achievement of corporate priorities are also prioritised using the criteria.

Priority Level	Criteria
A	Health and Safety legislation
B	Other Legislation/Statutory Requirement
Ci	Economic Sense/Invest to Save
Cii	Corporate Plan
Ciii	Sufficiency
D	Condition/Suitability
E	Welsh Government Requirements
F	Low Priority

Future Generations Act

4.8 Bids are also reviewed for the contribution they make towards the 5 ways of working to demonstrate commitment to the Well-being of Future Generations Act. Each scheme is awarded one point for every one of the outcomes that it meets to a maximum of 5.

Sustainability

4.9 Sustainability is one of the main strands of the financial strategy for capital and bids are also evaluated by the Insight Board for Sustainable Development, with a view to ensuring that wherever possible the sustainable targets are addressed. The four areas of Sustainable Development considered are :

- Living within environmental limits;
- Ensuring a strong, healthy and just society;
- Achieving a sustainable economy; and
- Promoting good governance.

4.10 The Council will ensure that all large Council Capital Projects are BREEAM (the design and assessment method for sustainable buildings) excellent rated.

5 TREASURY MANAGEMENT

- 5.1 Treasury Management is the management of an organisation's borrowing, investments and cashflows, its banking, money and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. This section outlines the governance process followed by the Council, a long term projection of the required level of borrowing, both internal and external and the assessment of its affordability.
- 5.2 The Council's Treasury Management and Investment Strategy for 2019/20 is to be presented to Cabinet on 18th February 2019 and will provide further details to those contained in this section of the Capital Strategy.

Treasury Management Governance

- 5.3 Before 31st March each year the Section 151 Officer presents to Audit Committee, Cabinet and full Council, the Treasury Management Strategy, which includes the Treasury Management Prudential Indicators for the forthcoming three years, the Annual Investment Strategy for the following year and monitoring as at 31st December. A mid-year review report is also presented to Cabinet during November. As soon as possible after the end of the financial year a report outlining the out-turn for the previous year is presented to Audit Committee, Cabinet and full Council.
- 5.4 Decisions on Treasury Management are made daily and therefore delegation is given to the Section 151 Officer. Under the Council Constitution delegated authority has been granted to the Section 151 Officer to :-
- Take all Executive decisions on borrowing, investment or financing in accordance with the Council's Treasury Management policy;
 - To borrow and lend money to maintain the Council's bank balance within the overdraft limit agreed with the Council's bankers;
 - The use of supported and unsupported borrowing; and
 - The amount of money to be charged to revenue, above the minimum required, relating to the repayment of debt, and to finance capital expenditure.

Borrowing Strategy

- 5.5 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.
- 5.6 Capital expenditure will be funded from a mixture of internal and external borrowing. The Council had a balance of internal borrowing of £44.6m as at 31st March 2018, with external borrowing at that point being £155.365m. The balance of the Authority's usable reserves and working capital can be utilised for internal borrowing or investment. As these reserves start to be spent over the coming years

in line with forecasts, the position will need to be monitored carefully and the level of external borrowing will increase. The Council's Treasury Management advisors, Link Asset Services, state that given the current, low investment yields, internal borrowing should be utilised. The Treasury Management Strategy outlines the sources the Council can borrow from but borrowing would usually be from the Public Works Loan Board (PWLB).

5.7 The UK Government announced plans to lift the HRA borrowing cap at the UK Autumn Budget in October 2019 and agreed for the cap to be fully abolished in Wales. Welsh Government continues to work with Welsh Local Government Association and local authorities to put the necessary arrangements in place to terminate the voluntary agreements as soon as possible.

Prudential Indicators

5.8 In setting the Capital Programme, the Council must ensure that the Prudential Code is complied with, which has been developed by CIPFA as a professional code of practice.

5.9 To comply capital investment plans should be :-

- Affordable;
- All external borrowing and long term liabilities are within a prudent and sustainable level; and
- Treasury management decisions are taken in accordance with good professional practice.

5.10 To demonstrate the Council has fulfilled these objectives, the Code sets out prudential indicators that should be used and the factors that must be taken into account.

Capital Expenditure

5.11 A 5 year capital programme has been proposed covering 2019/20 to 2023/24 as shown in the following table.

Capital Expenditure	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
Learning & Skills	41,401	61,196	29,481	4,707	10,288
Social Services	627	1,439	100	100	100
City Deal	436	429	675	675	972
Environment & Transport	8,966	2,703	3,012	3,282	2,174
Resources & Managing Director	10,777	3,706	2,687	3,844	3,980
HRA	17,898	19,980	19,544	11,530	9,409
Total	80,105	89,453	55,499	24,138	26,923

Capital Financing Requirement

5.12 The Capital Finance Requirement (CFR) is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure, which has not immediately been paid for through a revenue or capital resource, will increase the CFR. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used. The table below shows that the Council's CFR is expected to increase over the next 5 years.

CFR at 31st March	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Non HRA CFR	124,905	125,315	127,504	128,984	128,927
HRA CFR	84,232	93,200	102,430	102,079	100,037
Total CFR	209,137	218,515	229,934	231,063	228,964

5.13 The Council should ensure that gross external debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. The table below shows the projected Gross External Debt.

Gross External Debt	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Brought forward 1 April	154,645	153,410	171,710	186,493	187,687
Carried forward 31 March	153,410	171,710	186,493	187,687	185,536
In Year Requirement	(1,235)	18,300	14,783	1,194	(2,151)

5.14 The following table shows the projections for the level of internal borrowing for the coming years.

Internal Borrowing	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Brought forward 1 April	48,481	57,731	48,809	45,445	45,380
Carried forward 31 March	57,731	48,809	45,445	45,380	45,432
In Year Requirement	9,250	(8,922)	(3,364)	(65)	52

Affordable Borrowing Limits

5.15 The Council will set an affordable borrowing limit each year in compliance with the Local Government Act 2003 and will have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities when setting that limit. It will also set limits on its exposure to changes in interest rates and limits on the maturity structure of its borrowing in the Treasury Management strategy report each year. The Council

must set it authorised limit for external debt each year and also a lower Operational Boundary.

5.16 The proposed Operational Boundary for external debt is based upon estimates of the most likely, prudent, but not worst case scenario. The Operational Boundary links to the authority's plans for capital expenditure, estimates of capital financing requirement and the estimate of cashflow requirements for the year. This is the expected maximum limit for external debt. It acts as a warning level should debt start approaching this limit. The Operational Boundary for external debt is shown in the following table.

Operational Boundary	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Borrowing	194,831	198,861	222,014	227,881	234,667
Other long term liabilities	0	0	0	0	
Total	194,831	198,861	222,014	227,881	234,667

5.17 The Authorised Limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. It is not a limit that the Council will expect to borrow up to on a regular basis and provides headroom over and above the Operational Boundary.

Authorised Limit	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Borrowing	201,556	217,263	234,895	234,688	234,226
Other long term liabilities	0	0	0	0	0
Total	201,556	217,263	234,895	234,688	234,226

Minimum Revenue Provision (MRP)

5.18 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge which is known as the Minimum Revenue Provision (MRP). Additional voluntary payments can also be made above this level. The MRP can be calculated in a variety of ways. Welsh Government regulations have been issued which require the full Council to approve an MRP Statement in advance of each year and this is achieved as part of the Treasury Management Strategy.

5.19 The Council's method for calculating MRP differs depending on whether the borrowing is supported or unsupported.

5.20 For supported capital expenditure the Council will implement the "Asset Life Method". MRP will be determined by charging the expenditure over the expected useful life of the average asset lives (40 years) of the (Non HRA) Council Assets in equal instalments, starting in the year after the asset becomes operational.

5.21 For unsupported capital expenditure incurred after 31st March 2008, the Council will also implement the "Asset Life method". MRP will be determined by charging

the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational.

5.22 Further detail is contained in the Council's Treasury Management and Investment Strategy for 2019/20.

Investment Strategy

5.23 The Council's Investment Strategy is low risk, the priorities being security first, portfolio liquidity second and then yield (return). The Investment Strategy sets criteria to determine suitable organisations with which cash may be invested and limits on the amount of cash that may be invested with any one organisation. In 2019/20 the Council will continue to place investments with either the Debt Management Account Deposit Facility (DMADF) of the Bank of England which are guaranteed by the UK Government or with UK Local Authorities. The Council will continually review the financial stability of all local authorities with whom it places investments.

5.24 The Council will continue to pursue the possible use of other investment tools, i.e. Treasury Bills & Money Market Funds during 2019/20 and may introduce these once relevant appraisals have been undertaken. However the ongoing uncertainty in the financial markets will continue to dictate that capital security will still outweigh the importance of financial performance at present.

5.25 As at 31st March 2018 the Council's investments totalled £66.9m.

5.42 Further detail can be found at Treasury Management Strategy.

6 COMMERCIAL ACTIVITIES

6.1 The Prudential Code has expressed concern that an authority's approach to commercial activities should be proportional to its overall resources.

6.2 This Council has no material commercial activity and it is the intention that this position will not change during the foreseeable future.

7 OTHER LONG TERM LIABILITES

7.1 The Council has discretion to make loans for a number of reasons, primarily for economic development. These loans should be treated as capital expenditure. In making loans the Council would be exposing itself to the risk that the borrower defaults on repayments. The Council, in making loans, must therefore ensure they are prudent and has fully considered the risk implications, with regard to both the individual loan and that the cumulative exposure of the Council is proportionate and prudent. The Council will ensure that a full due diligence exercise is undertaken and adequate security is in place. All such loans would require the approval of Cabinet.

7.2 The Council currently has no soft loans. A soft loan is made interest free or at a rate less than the market rate, usually for policy reasons. Such loans are often made to individuals or organisations that the Council considers benefits the local population.

8 MAKING THE BEST USE OF RESOURCES

8.1 Given the financial constraints currently facing the Council, it is therefore of fundamental importance that the best use is made of its resources. This section outlines the ways in which the Council is achieving value for money, monitoring performance and ensuring that it has access to appropriate knowledge and skills for decision making.

Procurement Strategy

8.2 The Council recognises the need to have efficient and effective methods of procurement. The Council has developed a Procurement Code of Practice and Contract Management procedure. These documents support effective and sustainable procurement throughout the Council whilst the updated Procurement Strategy aims to ensure that procurement planning supports the Council's objectives as set out in the Corporate Plan. It also sets out the process by which all Council procurement will have regard to environmental, social and ethical factors as well as financial and economic considerations. It is intended to encourage everyone to think about their actions in support of the corporate vision of being a greener Council.

Project Management Methodology

8.3 The Council recognises that all major projects must be led by an officer with appropriate project management and technical skills. As such a Project Management Methodology is in place to ensure that all projects are correctly managed. The methodology follows the principles of PRINCE2 (Projects in Controlled Environments) and takes into account the capital bidding process and sustainability considerations.

Programme Monitoring

8.4 Once the Capital Programme is approved, managers are advised of their successful bids and each project is allocated to a named responsible Project Manager and Project Sponsor. On a monthly basis monitoring statements showing expenditure to date are sent to managers and meetings are held with Heads of Service, Operational Managers and other relevant officers to discuss progress on schemes.

8.5 Monitoring reports are presented to Cabinet and Scrutiny Committee on a regular basis to advise members of progress on each approved scheme. The reports also identify any changes to the programme to reflect additions, virements and rescheduling of schemes.

Performance Indicators

8.6 The Council subscribes to a number of benchmarking schemes and produces annual returns, which are evaluated by the Welsh Government.

Performance Management Framework

- 8.7 The Council utilises its Performance Management Framework to help realise the aspirations that it identifies in the Corporate Plan and Services Plans. This includes the management of the Capital programme. The Council achieves this by monitoring performance against targets, comparing performance against others, identifying actions for improvement and delivering change. This approach helps to measure how the Council is meeting its vision and objectives and demonstrates accountability to the Council's stakeholders.

Knowledge and Skills

- 8.8 In order for the Council to make the best use of its resources, it must ensure that it has in place robust decision making and effective management of its assets and capital investment. This can only be achieved by employing suitably qualified and experienced staff with up to date knowledge and by engaging with members who have the necessary skills and understanding.
- 8.9 The Council employs professionally qualified and experienced staff across the Council to make capital expenditure, borrowing and investment decisions. However, where the Council requires specialist advice it procures external support and during 2018 the Council appointed Link Asset Services as its Treasury Management advisor.
- 8.10 The Accountancy Section has a range of professionally qualified staff in key positions who are involved in Capital and Treasury Management roles. They have had many years local government experience including the Head of Finance (CIPFA over 30 years), Operational Manager Accountancy (FCCA over 20 years), Principal Accountant (CIPFA over 10 years), Capital Accountant (CIPFA over 10 years) and Senior Accountancy Technician (AAT over 30 years). The needs of the Council's Treasury Management staff for training are assessed as part of the staff appraisal process and from the frequent inhouse meetings between the Treasury Management Team and the Section 151 Officer. In addition Link Asset Services and CIPFA offer training courses, seminars etc. Staff also undertake Continuing Professional Development (CPD) as a requirement of retaining their professional qualifications.
- 8.11 The Strategic Property Section is responsible for providing strategic property advice and the preparation and implementation of the Corporate Asset Management Plan. Staff have again had many years local government experience including the Operational Manager Property (over 20 years) and the Strategic Estates Manager (over 10 years) and they are both members of the Royal Institute Of Chartered Surveyors and are also both registered valuers. When required, external support would be sources e.g. external valuers.
- 8.12 As part of the Council's contract with the external Treasury Management Advisor, the provision of training for members of Audit Committee is included to ensure they have the required knowledge and skills and that these are kept up to date. This training is also attended by Accountancy staff.

- 8.13 The Council establishes project teams from all the professional disciplines as and when required to deliver specific projects.
- 8.14 Members also gain knowledge of the strategic decision making process for asset management as members of various project boards, which would cover the use and disposal of surplus property and other key asset management issues.

9 RISKS TO THE STRATEGY

- 9.1 An important part of any strategy is the assessment of risk. This section outlines the Council's attitude to risk, identifies potential risks when producing the Capital Strategy and possible means of mitigation.

Risk Strategy

- 9.2 As part of the Council's integrated planning framework, the Council has a Risk Strategy. Effective Risk Management allows the Council to make the most of its opportunities, make the right decisions and achieve its objectives once those decisions are made. The Council embeds risk management in every aspect of the organisation. A knowledge and awareness of risks creates an environment in which continuous improvement can be achieved and where the Council takes informed decisions. Corporate risks need to be taken into account in judgements about the medium to long-term goals and objectives of the Council.

Resource Risks

- 9.3 As part of this Strategy future capital resources have been projected. However, Welsh Government has not provided an indication of the future General Capital Funding they will provide and therefore this does not provide certainty for planning for the future. This is particularly problematic as capital projects may need substantial planning prior to work commencing on site and schemes can take several years to complete.
- 9.4 Capital schemes which are reliant on capital receipts for funding need to be carefully profiled as the timing and value of receipts could vary significantly, particularly with the affect that the uncertainty created by the exit from the European Union is having on the development sector.

Treasury Management Risks

- 9.5 The Council has borrowed and invested significant sums of money and is therefore exposed to financial risks such as the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's Treasury Management Strategy.

Expenditure Risks

- 9.6 Due to the nature of capital works it is sometimes difficult to project the final costs of the scheme and they can outturn at a higher cost than planned. Adverse weather conditions are increasing the cost of maintaining the Council's infrastructure and increasing the risk of natural disasters such as flooding. The Council is also at this time preparing for large scale capital investment in the 21st Century Schools Band B projects and also through the Cardiff Capital Region City Deal. These capital schemes will require significant investment and the Council needs to ensure that it has allocated and has access to sufficient funding to see these schemes through to completion.

9.7 The uncertainty created by the exit from the European Union also brings risk to the cost of future capital schemes as there may be changes to the value of contracts due to staffing issues and the terms of trading with European suppliers. Also any legislative changes could affect the procurement of goods and services and also may affect the service provision regulations e.g. waste, environmental issues, which may have an impact on assets.

Mitigating Risk

9.8 With scarce capital resources, funding will only be allocated to priority capital schemes that meet corporate priorities or meet legal obligations, with schemes being fully evaluated prior to approval.

9.9 If capital projects overspend, the capital programme will be reviewed to identify other schemes that could be postponed or cancelled until further funding is identified. It is therefore important that capital projects are adequately planned and are effectively project managed and the Council needs to prudently reflect the future capital funding that will be available. The use and level of reserves will be critical to ensure that committed capital projects can be delivered. When costing major or complex capital projects risk analysis should be undertaken to inform the adjustments for optimism bias and identification of risk management. A Risk Register, which identifies each relevant risk and compares how it impacts should be completed.

9.10 Commissioning and procuring for capital schemes must comply with the requirements set out in the Council's Constitution, Financial Regulations and Contract Standing Orders.

9.11 In the past, the Council has taken a prudent view with regard to unsupported borrowing. It is therefore considered that the Council will be able to maintain the currently approved levels of borrowing.

9.12 The Council does not currently invest beyond 364 days to minimise the investment risk and only invests with Debt Management Office (DMO) or other local authorities. The DMO is an Executive Agency of Her Majesty's Treasury. The Council may consider the use of Money Market Funds going forward as the risk has been assessed as the same as investing in the DMO.

9.13 The Council has not undertaken any material commercial activities.

10 CAPITAL STRATEGY KEY ISSUES AND RECOMMENDATIONS

10.1 This section summarises the key issues arising from the Capital Strategy and also provides recommendations to be taken forward.

Priority Areas for Capital Spend

10.2 The Council's ability to deliver its priorities has been impacted by increasing demographic and funding changes which have placed increasing pressure on budgets. This underlying theme of resource constraints has had a major influence on the Council's strategies and delivery plans and is reflected in its financial planning activities. The Council's financial framework therefore aims to balance expenditure with current levels of funding and has a robust method of prioritisation and allocation of capital resources to key schemes.

10.3 Key priority areas currently identified where funding is available over the life of this Plan are shown in the following table and also how they contribute to the Council's well being outcomes :-

An Inclusive and Safe Vale
<ul style="list-style-type: none"> • Maintenance of WHQS in Council houses • Building new homes in the Vale for social rent
An Environmentally Responsible and Prosperous Vale
<ul style="list-style-type: none"> • Highways improvement • Revised Waste collection service and new Transfer Station • Targeted Regeneration Investment for Barry • Cardiff Capital Region City Deal
An Aspirational and Culturally Vibrant Vale
<ul style="list-style-type: none"> • Band B 21st Century Schools programme
An Active and Healthy Vale
<ul style="list-style-type: none"> • Investment in Leisure Centres • Improvements in Play Areas
Council Wide
<ul style="list-style-type: none"> • Implementation of ICT and Digital Strategy • Ensuring properties are fit for purpose for delivering services • Requirements of external factors such as legislation changes

Closing the Funding Gap

10.4 An initial assessment has been undertaken to identify the possible requirements for capital investment over the next 10 years and also the potential funding that is available to finance such work. The funding gap could be in the region of £12m over the period. However as this is over a long period with many uncertainties, this data will be reviewed and updated on an annual basis to provide a basis for future capital strategies. Any reduction in resources in the future will restrict the number and size of capital schemes that the Council is able to fund. It can be seen that

there is significant requirement for capital investment which will not be possible to fund. This includes the backlog of school, highway and buildings repairs which in time could expand beyond issues associated with repairs and maintenance to those of 'fit for purpose' considerations. This risk will have to be managed and funding identified as a priority for service critical works.

- 10.5 A significant sum in the Capital Programme relates to Asset Renewal items which may be viewed as essential areas of spend if the existing portfolio of Council assets, including its infrastructure, is to be maintained to even a basic level to prevent further deterioration.
- 10.6 The Council will continue to assess its assets to identify whether any are surplus and can achieve a capital receipt. Certain properties have already been identified where the receipt will be used to fund the Band B 21st Century Schools programme.
- 10.7 Where possible the Council will try to identify grant funding and will strive to provide match funding if the grant can be used to finance Council priorities.
- 10.8 The Council has previously undertaken unsupported borrowing for investment in Schools, vehicles, Housing stock and the Cardiff Capital Region City Deal. This decision has been taken after a full assessment of the affordability of taking on such debt and as part of a full business plan. The Council could consider using unsupported borrowing to close the future funding gap, however, given the expected reduction in revenue budgets the potential for servicing debt not funded by Welsh Government from existing revenue budget going forward is extremely limited. The Council will therefore need to ensure that capital spending plans are affordable and decisions do not place additional pressure on the level of Council Tax or the Medium Term Financial Plan.

Longer Term Planning

- 10.13 The Council's current Corporate Plan covers the period 2016-2020. Work is now being undertaken to produce the new Corporate Plan which will cover the period 2020 - 2025. Work will be undertaken to assess the financial impact of any new priorities and outcomes identified as part of that Plan.
- 10.14 For major projects and investment that cover a longer term period the funding and financial implications need to be planned well in advance. Long term planning has been undertaken for projects such as the Housing Business Plan, the Band B 21st Schools Programme and the Cardiff Capital Region City Deal which all cover a longer term need for investment.
- 10.15 Long-term forecasts are not easily predicted and the accuracy of all financial estimates will be limited however it is an invaluable tool in consideration future issues and anticipating the necessary requirements. It will also allow time for funding to be identified for key priorities and projects.

Actions

10.16 In considering this Strategy the Council will need to undertake a number of actions in order to make the most of potential funding and the requirement to invest. Some of these actions will be taken forward as part of other approved strategies and will need to be continually monitored and assessed.

CAPITAL STRATEGY ACTION POINTS
Setting the Capital Programme
<ul style="list-style-type: none"> • Only capital bids that are deemed to meet the criteria of highest corporate priority and/or risk should be progressed. • Robust project appraisal and understanding of full life costs and risk are required for large capital investment.
Review Process
<ul style="list-style-type: none"> • Maintain comprehensive and robust procedures for managing and monitoring the Capital Programme. • Continue to review the Corporate and Service Asset Management Plans. • Update Condition Survey data to ensure the Council is fully aware of future commitments. • The Council will strive to reduce carbon emissions and improve energy efficiency and positively encourage waste reduction initiatives. • In line with the Reshaping Services Programme, the Council's assets and Capital Programme will be reviewed to ensure they support the implementation of the programme objectives and are suitable for alternative delivery models if required, including exploring options for Community Asset Transfer. • Ensure staff involved in the capital and Treasury Management process and the delivery of capital projects have the relevant experience and training. • Ensure members involved in the capital and Treasury Management process receive relevant training.
Maximising Capital Funding
<ul style="list-style-type: none"> • Maximising grant-funding opportunities for capital schemes, where such schemes are compatible with Council objectives. • The identification of underperforming / inefficient assets and prioritising the sale of surplus land and properties as a means of generating capital receipts to fund capital schemes. • Reviewing the options for unsupported borrowing under the Prudential Code in the light of future financial projections for capital funding and expenditure in line with the Medium Term Financial Plan. • Use of the Project Fund, IT Fund, Building Fund, Energy Management Fund, School Investment Strategy Reserve and Schools Rationalisation Reserve where appropriate to finance capital investment. • Develop partnerships with the public and private sectors as a means of unlocking additional resources. • Provide support for invest to save initiatives where it is appropriate.

Schemes	2019/20		2020/21		2021/22		2022/23		2023/24		Comments
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Learning and Skills	7,722	41,401	15,608	61,196	8,102	29,481	1,667	4,707	1,835	10,288	
Social Services	400	627	1,439	1,439	100	100	100	100	100	100	
Environment and Housing	22,052	26,864	18,614	22,683	19,797	22,556	12,053	14,812	8,824	11,583	
Managing Director and Resources	2,577	10,777	3,343	3,706	2,687	2,687	3,844	3,844	3,980	3,980	
City Deal	436	436	429	429	675	675	675	675	972	972	
TOTAL CAPITAL PROGRAMME	33,187	80,105	39,433	89,453	31,361	55,499	18,339	24,138	15,711	26,923	

RESOURCES USED TO FINANCE PROGRAMME

	Net £000	Gross £000
Resources from Welsh Government		
Supported Borrowing - General Fund	3,413	3,413
General Capital Grant	3,230	3,230
Total Resources from Welsh Government	6,643	6,643
Other Available Resources		
General Fund Revenue/Reserves	9,359	9,359
Housing Reserves/Revenue	5,846	5,846
Housing Capital Receipts	0	0
Education Capital Receipts	0	0
General Fund Capital Receipts	1,610	1,610
S106	0	7,556
Other External Grants	0	36,603
Major Repairs Allowance	0	2,759
Unsupported (Prudential) Borrowing	9,293	9,293
City Deal Borrowing	436	436
TOTAL RESOURCES	33,187	80,105

GENERAL FUND CAPITAL RECEIPTS POSITION

	General £000	Ringfenced SS £000	Ed £000
Balance as at 31st March 2018	8,639	1,339	1,308
Anticipated Required in 2018/19	-4,100	0	-1,307
Anticipated Receipt in 2018/19	217	0	5,233
Balance as at 31st March 2019	4,756	1,339	5,234
Anticipated Required in 2019/20	-1,610	0	0
Anticipated Receipt in 2019/20	0	0	639
Balance as at 31st March 2020	3,146	1,339	5,873
Anticipated Required in 2020/21	0	-1,339	-7,967
Anticipated Receipt in 2020/21	0	0	2,096
Balance as at 31st March 2021	3,146	0	2
Anticipated Required in 2021/22	0	0	-1,470
Anticipated Receipt in 2021/22	0	0	1,519
Balance as at 31st March 2022	3,146	0	51
Anticipated Required in 2022/23	0	0	-49
Anticipated Receipt in 2022/23	0	0	0
Balance as at 31st March 2023	3,146	0	2
Anticipated Required in 2023/24	0	0	-1,211
Anticipated Receipt in 2023/24	0	0	1,243
Balance as at 31st March 2024	3,146	0	34

Schemes	2019/20		2020/21		2021/22		2022/23		2023/24		Comments
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Learning and Skills											
Education and Schools											
Schools Investment Programme											
21st Century School Improvement Programme											
Band A Romilly Primary	8	8	0	0	0	0	0	0	0	0	
Band B Whitmore High School	0	8,463	5,924	16,925	1,208	3,908	0	0	0	0	
Band B Pencoedtre High School	2,434	6,953	4,232	12,093	5,231	14,947	0	0	0	0	
Band B Centre of Learning and Wellbeing	240	959	750	3,000	76	304	0	0	0	0	
Band B Ysgol Y Deri	1,375	5,500	1,375	5,500	0	0	0	0	0	0	
Band B Ysgol Gymraeg Bro Morgannwg	1,637	5,105	2,520	10,213	787	5,105	0	0	0	0	
Band B Barry Waterfront	0	3,977	0	3,417	0	0	0	0	0	0	
Band B Primary Provision in the Western Vale	0	2,311	0	1,855	0	0	0	0	0	0	
Band B Cowbridge Primary Provision (YBF)	0	0	0	4,000	0	4,417	0	1,430	0	0	
Band B St Davids Primary School	0	4,181	0	0	0	0	0	0	0	0	
Band B St Nicholas	0	799	0	3,386	0	0	0	0	0	0	
Band B St Helen's/St Richard Gwyn	0	0	0	0	0	0	0	0	0	0	
Band B Penarth Cluster - Review Primary	0	0	0	0	0	0	867	2,477	701	6,762	
Provision to Include Cosmeston	0	0	0	0	0	0	0	0	334	2,726	
Band B Review Nursery Provision	0	0	0	0	0	0	0	0	0	0	
Asset Renewal - New Bids											
Schools Asset Renewal/Other	0	0	550	550	550	550	550	550	550	550	
Education Asset Renewal - contingency	50	50	50	50	50	50	50	50	50	50	
Asbestos	10	10	0	0	0	0	0	0	0	0	
Radon	20	20	0	0	0	0	0	0	0	0	
Security	50	50	0	0	0	0	0	0	0	0	
Disability Access	20	20	0	0	0	0	0	0	0	0	
Ysgol Pen Y Garth -Pitched Roof Renewal	65	65	0	0	0	0	0	0	0	0	
Ysgol Gwaun Y Nant Boiler Renewal	85	85	0	0	0	0	0	0	0	0	
Jenner Park Primary Electrical Rewire	70	70	0	0	0	0	0	0	0	0	
Romilly Primary Renewal of Canteen roof	40	40	0	0	0	0	0	0	0	0	
Peterston SE Primary Flat Roof Renewal (Additional funding)	150	150	0	0	0	0	0	0	0	0	Continuation of scheme as below
Asset Renewal - Previously Approved											
Ysgol Pen Y Garth Electrical Rewire	40	40	0	0	0	0	0	0	0	0	
Ysgol Bro Morgannwg - Sewer Pump	85	85	0	0	0	0	0	0	0	0	
Llansannor Extension	20	105	0	0	0	0	0	0	0	0	
St Josephs Nursery and EIB	223	1,135	7	7	0	0	0	0	0	0	
Peterston SE Primary Flat Roof Renewal	200	200	0	0	0	0	0	0	0	0	
Victorian Schools	600	600	0	0	0	0	0	0	0	0	
Y Bont Faen Primary Flat Roof Renewal Phase 1	100	100	0	0	0	0	0	0	0	0	
S106 Schemes											
Gwenfo Primary Extension	0	70	0	0	0	0	0	0	0	0	
Dinas Powys Primary External Learning Area	0	50	0	0	0	0	0	0	0	0	
Schools IT Loans	200	200	200	200	200	200	200	200	200	200	Repayable internal loans
Total Education and Schools	7,722	41,401	15,608	61,196	8,102	29,481	1,667	4,707	1,835	10,288	
Total Learning and Skills	7,722	41,401	15,608	61,196	8,102	29,481	1,667	4,707	1,835	10,288	

Schemes	2019/20		2020/21		2021/22		2022/23		2023/24		Comments
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Social Services											
Older Persons Accommodation	0	0	1,339	1,339	0	0	0	0	0	0	
ICF- Ty Dewi Sant Dementia Friendly	0	227	0	0	0	0	0	0	0	0	
Asset Renewal - New Bids											
Social Services Asset Renewal	0	0	100	100	100	100	100	100	100	100	
Ty Dewi Sant -Electrical Upgrade	85	85	0	0	0	0	0	0	0	0	
Ty Dewi Sant -Boiler pump replacement	10	10	0	0	0	0	0	0	0	0	
Cartref -Internal Refurbishment	5	5	0	0	0	0	0	0	0	0	Continuation from 2018/19 scheme
ICT Infrastructure WICCS	300	300	0	0	0	0	0	0	0	0	
Total Social Services	400	627	1,439	1,439	100	100	100	100	100	100	
Neighbourhood Services and Transport											
Vehicle Replacement Programme	3,158	3,158	1,647	1,647	2,002	2,002	2,272	2,272	1,164	1,164	
Asset Renewal - New Bids											
Asset Renewal	0	0	500	500	500	500	500	500	500	500	
Parking Policy	145	145	0	0	0	0	0	0	0	0	
Parks and Sport facility Upgrades	75	75	0	0	0	0	0	0	0	0	
Traffic Signal Upgrades	75	75	0	0	0	0	0	0	0	0	
Highways Structures	40	40	0	0	0	0	0	0	0	0	
Community Centres	40	40	0	0	0	0	0	0	0	0	
Coastal Assets	50	50	0	0	0	0	0	0	0	0	
Public Convenience	30	30	0	0	0	0	0	0	0	0	
Provision of Dropped Kerbs	25	25	0	0	0	0	0	0	0	0	
Bus Stop Upgrades	10	10	0	0	0	0	0	0	0	0	
Provision of Disabled Parking Bays	10	10	0	0	0	0	0	0	0	0	
Visible Services Highway Improvements	1,000	1,000	300	300	300	300	300	300	300	300	Includes £300k new bid
Additional Highways Refurbishment grant	758	1,507	0	0	0	0	0	0	0	0	Includes £758k carried forward from 2018/19 through reserves
Flood Risk Management	100	100	100	100	100	100	100	100	100	100	
Coast Protection and Land Drainage General	110	110	110	110	110	110	110	110	110	110	
Street Lighting Energy Reduction Strategy	287	287	0	0	0	0	0	0	0	0	
Llanmaes Flood Management Scheme	0	350	0	0	0	0	0	0	0	0	
Improve Pedestrian movement along Treharne Rd	0	140	0	0	0	0	0	0	0	0	S106
Jenner Park Stadium Roof	48	48	0	0	0	0	0	0	0	0	
St Athan Sustainable Transport Improvement	0	143	0	0	0	0	0	0	0	0	S106
Wick Sustainable Transport	0	188	0	0	0	0	0	0	0	0	S106
Rhws Sustainable Transport	0	483	0	10	0	0	0	0	0	0	S106
Electrical Renewal Barry & Penarth Leisure Centres	387	387	36	36	0	0	0	0	0	0	
Leisure Centre Improvements	200	200	0	0	0	0	0	0	0	0	Barry Leisure Centre Hall Floor
Flood Lights Jenner Park Stadium	125	125	0	0	0	0	0	0	0	0	New Bid
Eastern Shelter Resurface Roof	90	90	0	0	0	0	0	0	0	0	New Bid
Playgrounds Refurbishment	150	150	0	0	0	0	0	0	0	0	New Bid
Total Neighbourhood & Transport Services	6,913	8,966	2,693	2,703	3,012	3,012	3,282	3,282	2,174	2,174	
HRA											
Housing Improvement Programme											
Total Housing Improvement Programme	15,139	17,898	15,921	19,980	16,785	19,544	8,771	11,530	6,650	9,409	
Total Environment and Housing	22,052	26,864	18,614	22,683	19,797	22,556	12,053	14,812	8,824	11,583	

Schemes	2019/20		2020/21		2021/22		2022/23		2023/24		Comments
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Managing Director & Resources											
Barry Regeneration Partnership Project Fund	324	324	300	300	300	300	300	300	300	300	
Five Mile Lane	0	7,985	0	40	0	0	0	0	0	0	
Housing Regeneration Area	300	300	0	0	0	0	0	0	0	0	
J-Sub Repairs	25	25	0	0	0	0	0	0	0	0	New Bid
Vale Enterprise Centre New Windows	100	100	0	0	0	0	0	0	0	0	New Bid
Total Regeneration & Planning	749	8,734	300	340	300	300	300	300	300	300	
Private Sector Housing											
Disabled Facility Grants	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Additional Disabled Facility Grants	150	150	150	150	150	150	150	150	150	150	
Total Private Sector Housing	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	
Resources											
Building Strong Communities Fund (CASH Grants)	30	30	30	30	30	30	30	30	30	30	
Dock Office External Works	83	83	0	0	0	0	0	0	0	0	
Colwinston Play Area	0	27	0	0	0	0	0	0	0	0	S106
Penarth Heights Public Arts	0	188	0	323	0	0	0	0	0	0	S106
Toilet Refurbishment Civic Offices	150	150	0	0	0	0	0	0	0	0	New Bid
Civic Offices Electric schemes	110	110	0	0	0	0	0	0	0	0	New Bid
All Services Asset Renewal	100	100	1,663	1,663	1,007	1,007	2,164	2,164	2,300	2,300	
ICT Schemes											
ICT allocation	205	205	200	200	200	200	200	200	200	200	Future years IT projects.
Total Resources	1,103	1,318	1,893	2,216	1,237	1,237	2,394	2,394	2,530	2,530	
Total Managing Director & Resources	2,577	10,777	3,343	3,706	2,687	2,687	3,844	3,844	3,980	3,980	
City Deal											
City Deal	436	436	429	429	675	675	675	675	972	972	
Total City Deal	436	436	429	429	675	675	675	675	972	972	
Total Value of Capital Programme	33,187	80,105	39,433	89,453	31,361	55,499	18,339	24,138	15,711	26,923	